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1985 MUTUAL FUND FACT BOOK

INVESTMENT COMPANY INSTITUTE

1600 M STREET, N.W. • WASHINGTON, D.C. 20036

Aims and Purpose of the Investment Company Institute

The Investment Company Institute, formerly the National Association of Investment Companies, was founded in 1941. It represents its members—mutual funds, their investment advisers and their underwriters—and their shareholders in matters of legislation, regulation, taxation, public information and advertising, statistics and economic and market research. The Institute provides a clearinghouse to which interested persons and communications media may turn for information about the mutual fund industry in the United States, and serves as spokesman and fact-finder in many areas affecting its members, their shareholders and the investing public.

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EDITOR'S NOTE

Wherever mutual fund statistics appear in text, charts and tables throughout this volume, money market funds and short-term municipal bond funds are included only where clearly indicated.

1984: A Very Good Year

In the spring of 1985, investors were faced with new financial decisions as the economy moved into lower gear. Economic activity, as measured by Gross National Product (GNP), turned in a sluggish performance during the first quarter, partly because some domestic demands were satisfied by a huge flow of imported goods and services.

Despite the slowdown in activity, there seems to be a reasonably good chance that GNP will pick up speed later this year. Government expenditures, particularly for defense, are expected to continue strong. Consumer demands for services and housing will likewise boost spending. In addition, further economic expansion will be supported by the sharp growth in the monetary aggregates which has occurred in recent months. The significant decline in real interest rates since mid-1984 will also help sustain growth.

So far in 1985, economic activity is proceeding at quite a different pace from that of last year. For 1984, as a whole, real GNP rose nearly 6.0 percent. The bulk of the advance, however, occurred during the first half of the year. The economy slowed sharply in the third quarter, but bounced back again in the final quarter of the year.

In the financial markets, interest rates moved in response to the uneven pace of economic growth, variations in credit demands, and changes in monetary policy. In the first part of the year, the Federal Reserve became less generous in supplying bank reserves. Accordingly, interest rates rose, as may be seen in the accompanying chart.

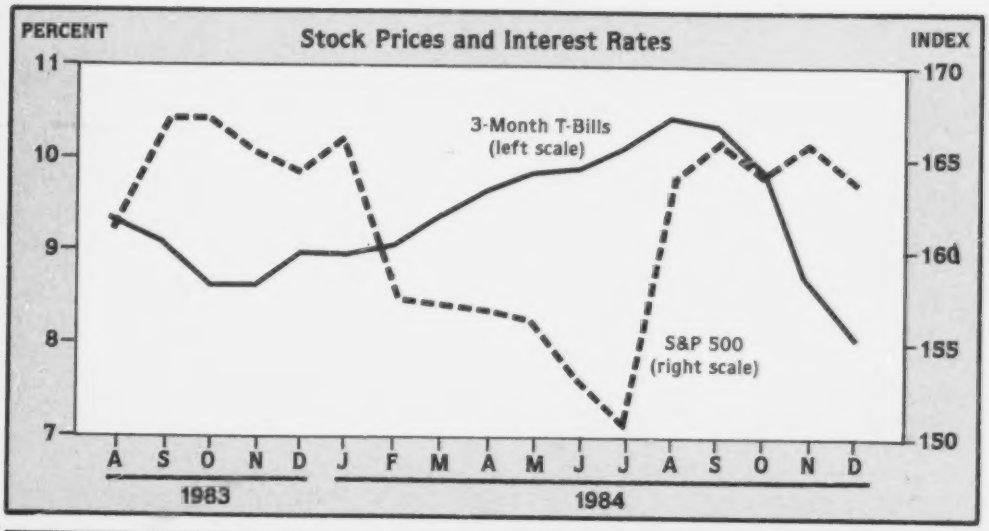
As the economy slowed in the third quarter, there was some easing of monetary policy and a marked improvement in inflationary expectations. Interest rates responded by falling markedly. By the end of 1984, interest rates were down to the lowest levels of the year, with yields on many short-term instruments close to their low-points for this expansion.

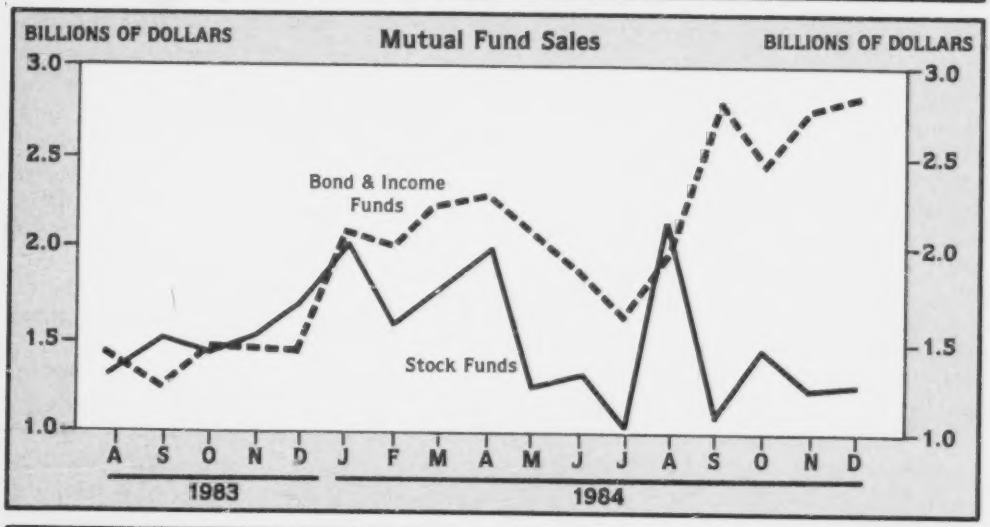
Stock prices, as measured by the S&P-500, seemed to take their cue from trends in interest rates. In the first part of 1984, stock prices dipped as rates rose. In August, stock prices responded to what appeared to be a hesitation in the rise in interest rates, with a resounding 8.8 percent increase in the S&P-500. This increase helped the market recoup most of its earlier losses for the year. For the final four months of 1984, stock prices held steady and ended the year slightly higher than they were at the beginning.

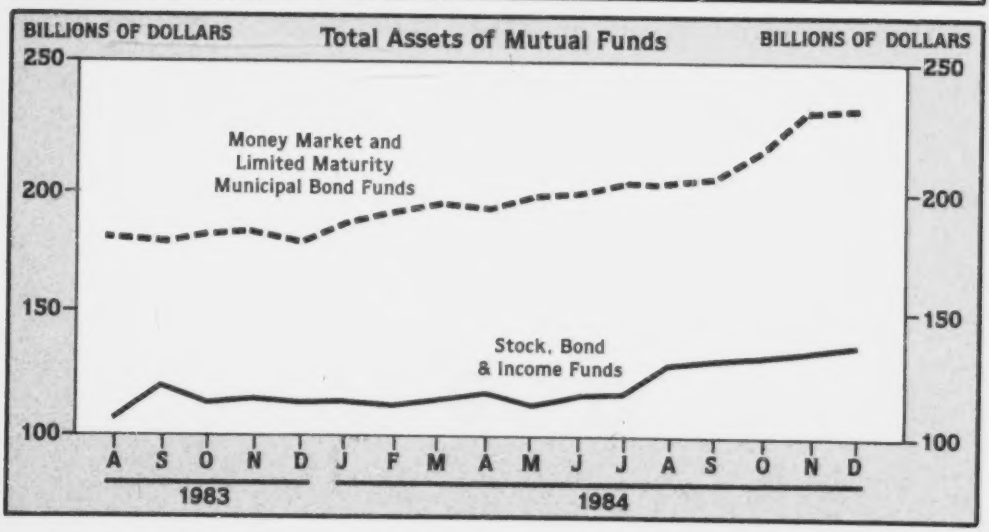
Investors reacted to the changing financial trends by buying stock, bond, and income funds in record volume. In 1984, sales of these funds totaled $45.9 billion, compared with 1983 sales of $40.3 billion. They also added substantially to their holdings of money market and limited maturity municipal funds.

Sales of stock funds fell from $22.5 billion in 1983 to $18.5 billion in 1984. Even so, sales of stock funds remained extremely high by any standard but 1983. In the decade of the Seventies, for example, sales of these funds averaged about $3.3 billion per annum.

Sales of bond and income funds totaled $27.4 billion in 1984, about seven times their sales level at the end of the last decade. Sales were also higher than the $17.9 billion total achieved in 1983. This year-to-year growth accounted for the gain in total sales in 1984, since it


PERCENT
Stock Prices and Interest Rates
INDEX
11
10
9
8
7
170
165
160
155
150
3-Month T-Bills
(left scale)
S&P 500
(right scale)
A S O N D J F M A M J J A S O N D
1983
1984


BILLIONS OF DOLLARS
Mutual Fund Sales
BILLIONS OF DOLLARS
3.0
2.5
2.0
1.5
1.0
Bond & Income
Funds
Stock Funds
A S O N D J F M A M J J A S O N D
1983
1984


BILLIONS OF DOLLARS
Total Assets of Mutual Funds
BILLIONS OF DOLLARS
250
200
150
100
Money Market and
Limited Maturity
Municipal Bond Funds
Stock, Bond
& Income Funds
A S O N D J F M A M J J A S O N D
1983
1984

more than offset the dip in sales of stock funds.

Record sales for bond and income funds in 1984 are in part due to: (a) the sluggish stock market; (b) attractive returns on long-term debt instruments; and (c) the prospect of capital gains as interest rates fell in the second half of the year. Within the income category, investor demand for Government funds was particularly strong.

Record sales of stock, bond, and income funds helped raise assets to a record level as well. By the end of 1984, assets of these funds had climbed to $137.1 billion, a gain of 20.7 percent for the year. Assets of limited maturity municipal funds continued to increase and totaled $23.8 billion at year-end. Finally, assets of money market funds (MMFs) surged, after falling throughout most of 1983.

MMFs added $47.2 billion to assets during 1984 and ended the year at $209.7 billion. Part of this growth reflects the fact that MMFs paid higher rates than money market deposit accounts throughout the year. During the summer, this advantage was well over 100 basis points.

During the latter half of 1984, moreover, yields on MMFs were frequently higher than rates on Treasury bills and other credit instruments purchased directly in the market. As a result, MMFs—particularly the institutional funds—enjoyed a substantial net inflow of dollars.

At the end of 1984, total assets of all types of funds amounted to $370.6 billion, about $78 billion higher than at the end of 1983. In summary, 1984 was a year in which the mutual fund industry broke records in virtually every phase of the business. It was, indeed, a very good year.

What Is a Mutual Fund?

A mutual fund is a financial service organization that receives money from shareholders, invests it, earns returns on it, attempts to make it grow, and agrees to pay the shareholder cash on demand for the current value of his investment.

Generally a mutual fund is an open-end management company engaged in the business of continuously issuing and offering for sale redeemable securities which represent an undivided interest in the fund's assets. Most mutual funds are corporate in form and the securities issued by them usually consist of capital stock.

The proceeds from the sale of securities issued by a mutual fund are invested in a portfolio of various kinds of securities in accordance with the stated investment policy of the particular fund. Some funds invest primarily in securities offering long-term growth, others in current income, still others in particular industries or classes of securities, and many offer various combinations of objectives.

The mutual fund shareholder may at any time cash in (redeem) his investment at the net asset value currently of the fund's shares. The value of a share in a mutual fund is calculated daily on the basis of the market value of the securities held in the fund.

When an individual buys shares in a fund he obtains them directly from the fund itself at the net asset value. Some funds include a sales commission or sales load. There are other funds that are sold with no sales commission; they are known as "no-load" funds.

Mutual funds usually contract with an outside investment adviser for investment advice and other management services, and with a principal underwriter for the distribution of the fund's shares.

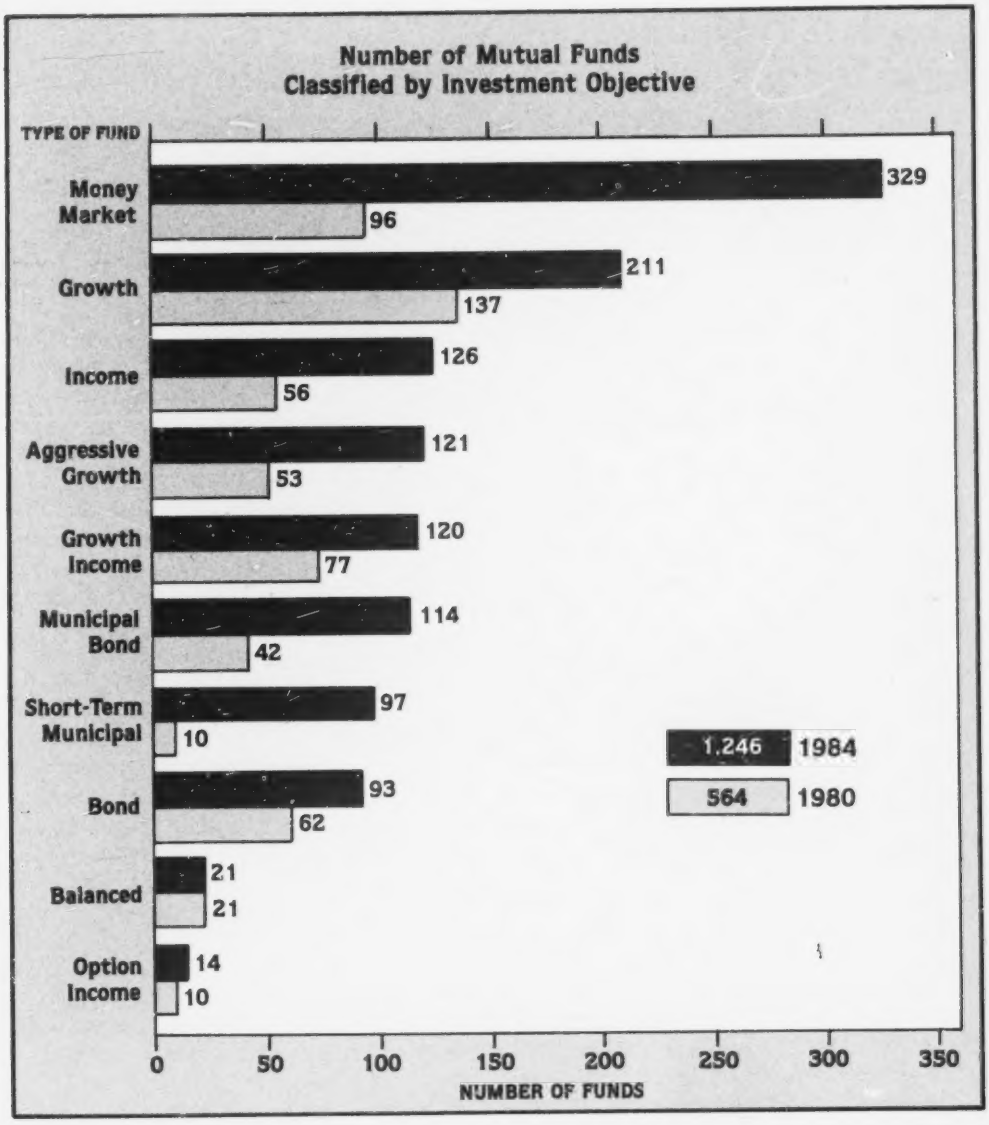
The investment adviser receives compensation for its services in the form of a fee based on the total value of the assets under management.

The principal underwriter of a mutual fund is engaged in the selling and distributing of the securities issued by the fund to the investing public through brokers and dealers, or directly through the underwriter's own salesmen, or both. The principal underwriter either purchases the securities issued by the fund for resale or acts as agent for the fund, for which it receives a fee usually in the form of a portion of the sales commission included in the selling price of the shares issued by the mutual fund.

Under the Internal Revenue Code, funds that meet certain requirements are permitted to distribute investment income and capital gains to their shareholders without first paying a tax on them. The fund is a pipeline through which the dividends, interest and other income flow from the securities held in the portfolio to the fund shareholders.

Similarly, the fund serves as a conduit for capital gains. The individual shareholder therefore treats investment income and capital gains received from the fund exactly as he would had he bought and sold securities himself without the fund serving as an intermediary.

For tax purposes, the shareholder receives from the fund a year-end statement telling him clearly what part of the money distributed to him represents long-term capital gains. He also receives from the fund regular state-



ments that not only tell him how his own investment is doing but also reports on the progress of the fund, its portfolio holdings, expenses, changes in management, and other relevant data.

Mutual funds are required to be registered with the Securities and Exchange Commission pursuant to the Investment Company Act of 1940. The activities of the mutual funds and their relationship with the public are all subject to regulations under the Act. (See "Regulation and Taxation" on page 53.)

Historical Background

The concept of the investment company came to the United States from Britain. Substantial amounts of money invested in British and Scottish investment companies helped finance the development of the American economy after the Civil War. Farm mortgages, railroads and other industries in the U.S. were financed to a large extent by British companies.

With the growth of the American economy in the late 19th century and the beginning of the 20th century, many types of financial institutions appeared in this country to provide a means for investment. Investment companies were established in Boston, New York and Philadelphia by bankers, brokers, investment counsels and others who saw the need of making diversification and financial management available to investors of moderate means. The first mutual fund was organized in Boston in 1924.

In the aftermath of the 1929 crash, many efficiently managed investment companies maintained their pattern of growth and service to the American investor. These included both closed-end and open-end companies but the closed-end funds were particularly hard hit from the effects of the declining market; investors wishing to purchase shares in investment companies turned to mutual funds.

In 1936, under a Congressional mandate, the Securities and Exchange Commission commenced a study of investment companies which culminated in the Investment Company Act of 1940 (See "Regulation and Taxation" p. 53). This Act provided a framework within which the industry has been able to grow and flourish in the intervening years.

In 1940 there were 68 mutual funds with $448 million in assets and 296,000 shareholder accounts. At year-end 1984 there were 1,246 funds reporting to the Investment Company Institute with $371 billion in assets and more than 28 million shareholder accounts. This remarkable growth is ample proof that the industry has demonstrated its ability to adapt to varying conditions and respond to changing investor needs (See "Responding to Investor Needs" p. 11 and "Growth and Development" p. 22). It also demonstrates that as mutual funds observe their 60th anniversary what was once an equity-oriented industry has become a financial services industry offering an ever-expanding assortment of funds and services to the investing public, from the person with a moderate income to large institutions.

It can be truly said: "There is a mutual fund to meet every investment objective."

Responding to Investor Needs

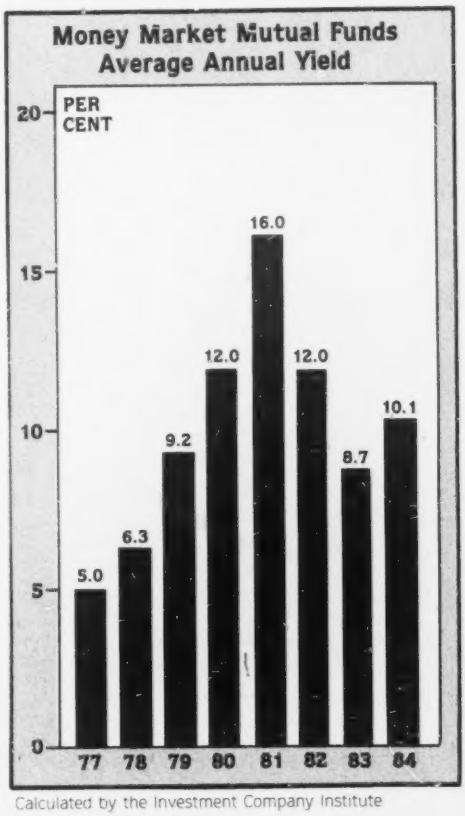
The mutual fund industry has achieved great public acceptance by adhering to a primary consumer axiom: Be responsive to needs. In their search for a measure of financial security, savers and investors need to accumulate dollars which may be used to finance retirement, a home, or other short- or long-term objectives. Mutual funds help people achieve their goals by offering them a diversified line of financial products, each of which pays a competitive return commensurate with the risks assumed.

Investors may choose fund products that closely match their own reward-risk perceptions. Moreover, they may exchange one product for another within a fund complex, if they desire. Such exchanges enable shareholders to adjust their savings-investment programs in accordance with shifts in their personal finances or changes in economic or financial conditions. In short, fund shareholders have flexibility.

In recent years, the total number of mutual funds offered to the public has grown sharply. Money market funds have been primarily responsible for this expansion, although virtually all types of funds have increased in number (see chart p. 9). A brief description of the major types of funds is shown in the box on page 15.

Through a mutual fund, the investor's objective is pursued with the advantages of diversification and professional management. Some companies aim for long-term growth of capital and income, others stress current income, and some put capital and stability first. Thus, although no fund can absolutely guarantee that its objectives will be reached due to the risks inherent in some types of investing, investors can find funds with goals similar to their own.

In recent years, money market funds have continued to provide investors with a high degree of safety and liquidity and, at the same time, have generated returns that are compatible with yields available in the money market. Since returns on instruments such as Treasury bills and bank CDs averaged higher for the year, yields on money market funds followed. As shown in the chart, the average annual

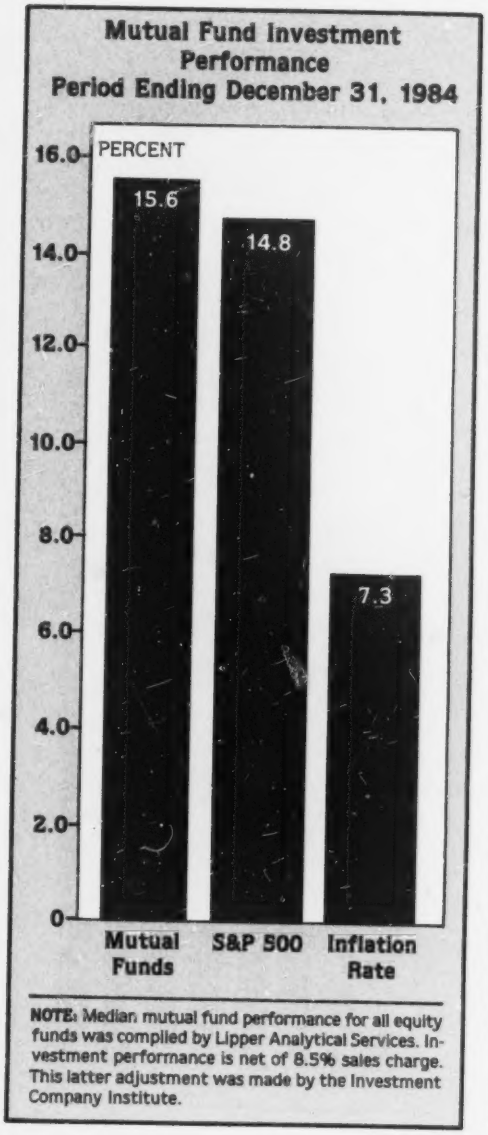


Calculated by the Investment Company Institute

yield on money\market funds was 10.1 percent in 1984 compared with 8.7 percent in the preceding year.

Investor demand for equity funds and bond and income funds has also increased in recent years, particularly in 1984. This expansion reflects both improvements in security markets and excellent investment performance by fund managers.

In recent years, total returns on equity funds—capital gains and reinvested dividends—have not only been high, but they have exceeded the rate of inflation and the overall market return as measured by the S&P 500.



NOTE: Median mutual fund performance for all equity funds was compiled by Lipper Analytical Services. Investment performance is net of 8.5% sales charge. This latter adjustment was made by the Investment Company Institute.

Income Dividends: Good investment performance and favorable markets mean dollars in the pockets of shareholders. After the investor has made his mutual fund purchase, he receives varying amounts of income from dividends and interest on the fund's portfolio securities, after deducting operating expenses.

In 1984, for example, investment income dividends from all types of funds amounted to $23.7 billion, compared with $18.8 billion in the preceding year. This increase is due to the rise in mutual fund assets and the availability of higher market interest rates. The dividends paid by the equity, bond and income funds rose from $5.0 billion in 1983 to $7.3 billion in 1984.

Capital Gains Distributions: Mutual funds may also distribute to shareholders, on a yearly basis, net long-term profits realized upon the sale of portfolio securities when and if they occur. These payments are called capital gains distributions. Capital gains distributed to shareholders in 1984 by equity and bond funds amounted to $6.1 billion, over 38 percent more than the prior year.

Automatic Reinvestment: Most mutual funds also offer shareholders plans for the automatic reinvestment of investment income dividends and capital gains distributions. In addition, most mutual funds distribute net realized long-term capital gains through the medium of an optional stock dividend by which the shareholder may receive stock at net asset value and thus keep his share of the gains at work in the company, or he may elect to receive cash.

Of the $23.7 billion received in investment income dividends in 1984, shareholders took shares instead of cash in the amount of $18.4 billion or about 78 percent. Ten years ago, dividend reinvestment amounted to less than $1.0 billion or 56 percent of the

total. Similarly, of the $6.1 billion paid out to shareholders as capital gains, about 85 percent was put back into mutual fund shares.

Dollar-Cost Averaging: A widely recognized benefit accruing from regularly investing, particularly in equity funds, is dollar-cost averaging. This

Dividends and Reinvestment
All Types of Mutual Funds
(Billions of Dollars)

Year	Investment Income Dividends	Reinvested Dividends	Percentage Reinvested
1971	$ 1.3	$ 0.7	53.8%
1972	1.3	0.7	53.8
1973	1.3	0.7	53.8
1974	1.6	0.9	56.4
1975	1.6	1.1	68.1
1976	1.7	1.1	63.1
1977	1.9	1.3	65.8
1978	2.5	1.8	71.3
1979	5.2	3.7	72.2
1980	10.4	8.5	81.3
1981	21.7	19.7	91.7
1982	25.8	22.9	88.8
1983	18.8	15.7	83.5
1984	23.7	18.4	77.6

Capital Gains and Dividends
Distributions to Shareholders
All Types of Mutual Funds
(Billions of Dollars)

Year	Net Realized Capital Gains	Net Investment Income		
		Equity Bond & Income Funds	Money Market Funds	Short-Term Municipal Bond Funds
1975	$0.2	$1.4	$ 0.2	N/A
1976	0.5	1.6	0.1	N/A
1977	0.6	1.8	0.1	N/A
1978	0.7	2.1	0.4	N/A
1979	0.9	2.5	2.7	N/A
1980	1.7	2.7	7.7	$0.1
1981	2.7	3.1	18.5	0.1
1982	2.4	3.8	21.7	0.3
1983	4.4	5.0	13.2	0.6
1984	6.1	7.3	15.4	1.0

is a process whereby the shareholder invests identical amounts of money in shares at regular intervals. Thus, his money buys more shares when prices are down, fewer shares when prices are high. While the process can neither assure him of a profit nor of protection against loss when security prices decline, the purchase of more shares at lower rather than higher prices tends to reduce the average cost of purchases made.

Contractual Plans: Another way to regularize saving is through a contractual plan. In a contractual plan an investor agrees to invest a fixed amount on a regular basis for a specified number of years. Designed as a program for the accumulation of mutual fund shares, a contractual plan should be considered as a long-term investment program, practical and convenient for accumulating capital where the objective is retirement, building an estate, or providing funds for the education of children. Since the distribution charge is deducted primarily against early payments, it is important that the plan be carried through, since termination in the early years could result in a proportionately higher sales charge.

Other products and services offered by mutual fund organizations are:

Withdrawal Plans: Many mutual funds offer a service whereby shareholders may receive payments from their investment at regular intervals. These may be in fixed amounts or calculated on one of several other bases. Withdrawal accounts are designed for those who wish to supplement their income for current needs, or to meet commitments of a specific nature. Generally some of the capital of the account must be withdrawn to make up the payments. There is usually a minimum investment amount required to start a withdrawal plan. The most salient feature of such plans is that the balance of the principal remains fully invested and always at work for the individual. Investors, however, should be aware that withdrawal plan payments may entail a return of part of the capital at work.

Exchange Privilege: The exchange privilege enables a shareholder to transfer his investment from one fund to another within the same fund group as his needs or objectives change. For instance, an individual may have invested in a fund for growth of capital over the years, and, upon retirement, his objective becomes one of current investment income which is more suitably achieved by a fund stressing current income. Usually, exchanges are allowed at a fee that approximates the cost of the bookkeeping process of converting an account.

Liquidity: Open-end investment companies stand ready to redeem their shares at any time, providing the investor with a ready cash market for his shares. A shareholder can sell any or all of his shares any time and does not have to look for a buyer. The fund itself will buy them back, usually at the net asset value at time of redemption, which may be lower, the same, or higher than his cost.

The investors have redeemed at varying rates over the years. As a percentage ratio, redemptions have ranged from a high of 17.5 percent of the industry's average net assets in 1979 to a low of 4.6 percent in 1957. In 1983 and 1984 the redemption ratios have been 15.4 and 16.0 percent respectively.

Custodian: The mutual fund's custodian bank, which is usually under contract to the fund, holds in custody and safekeeping the securities and other assets of the mutual fund. Also, the custodian often acts as the transfer and dividend disbursing agent. However, it plays no part in the management of the fund, nor in the underwriting function.

Taxes: Tax reporting is simplified for the mutual fund shareholder since almost all companies advise the share-

holder of the federal tax status of all distributions—investment income or capital gains. This subject is more fully covered on page 8.

Single Purchase: When an investor buys shares in a mutual fund, his purchase represents a diversified list of securities, indicating his fractional holding in perhaps 50 or 100 or more corporations.

The convenience of a single certificate, embodying a stake in scores of companies, simplifies record keeping and accounting. Nowadays, an increasing number of funds will furnish the

Types of Mutual Funds

Aggressive Growth
A mutual fund which seeks maximum capital appreciation through the use of investment techniques involving greater than ordinary risk, such as borrowing money in order to provide leverage, short selling, hedging, options and warrants.

Growth
A mutual fund whose primary investment objective is long-term growth of capital. It invests principally in common stocks with growth potential.

Growth And Income
A mutual fund whose aim is to provide for a degree of both income and long-term growth.

Balanced
A mutual fund which has an investment policy of "balancing" its portfolio, generally by including bonds, preferred stocks and common stocks.

Option/Income
The investment objective of these funds is to seek a high current return by investing primarily in dividend-paying common stocks on which call options are traded on national securities exchanges. Current return generally consists of dividends, premiums from expired call options, net short-term gains from sales of portfolio securities on exercises of options or otherwise, and any profits from closing purchase transactions.

Income
A mutual fund whose primary investment objective is current income rather than growth of capital. It usually invests in stocks and bonds that normally pay higher dividends and interest.

Corporate Bond
A mutual fund whose portfolio consists primarily of bonds. The emphasis of such funds is normally on income rather than growth.

Municipal Bond
A mutual fund which invests in a broad range of tax-exempt bonds issued by states, cities and other local governments. The interest obtained from these bonds is passed through to shareholders free of federal tax. The fund's primary objective is current tax-free income.

Short-Term Municipal Bond
These funds invest in municipal securities with relatively short maturities. They are also known as Tax-Exempt Money Market Funds.

Money Market
Also called a liquid asset or cash fund, it is a mutual fund whose primary objective is to make higher interest securities available to investors who want immediate income and high investment safety. This is accomplished through the purchase of high-yield money market instruments such as U.S. government securities, bank certificates of deposit and commercial paper.

shareholder with a simple account statement in place of the formal certificate. This relieves shareholders of the problem and expense of safekeeping the valuable certificates.

Information: The mutual fund, in addition to filing periodic reports with the Securities and Exchange Commission, informs the shareholder regularly on the operations of the fund and what is being done with his money. Complete information about investment operations is supplied to shareholders at least twice a year, and, for most companies, four times a year. These reports list the names and the amount of securities held by the fund. They also show in most cases the major changes in investment since the last report, and contain financial statements, among other details.

On the basis of recent trends, it is evident that investors have become increasingly aware of the variety of services available in mutual funds and are making more use of them in financial planning.

Professional Management

Full-time professional management of investments is one of the basic characteristics of the mutual fund. The careful selection, diversification and continuous supervision of securities require a high degree of experience and judgment. Variations among investment companies in these factors and in investment objectives can be expected to yield different results.

The frequency and scope of changes in economic conditions affect investment values to an extent which few investors have the time or knowledge to evaluate effectively. Management of a securities portfolio calls for specialized skills, resources of information and facilities, and time to make reasoned investment decisions.

Surveys have shown that doctors, lawyers, engineers, educators and other professionally trained people in executive and administrative work recognize the need for professional management of their investments. Consequently, they constitute a significant percentage of all mutual fund shareholders.

Whether the professional services available to shareholders are provided by a separate investment advisory company or trustees under contract to the fund or by investment management staffs employed by the company itself, the pattern of operation is the same. It involves extensive economic and investment research aimed at developing data on which intelligent decisions regarding portfolio securities can be made.

The intense and constant search for the best of relative values is made necessary by the broadness and diversity of the marketplace. It is on the basis of such appraisals that investment decisions are made on behalf of mutual funds. For this professional management, individual shareholders pay a fee usually measured by a percentage of the total fund assets under management.

In all cases, the details of professional management services, advisory fees and investment objectives are outlined in the information which each mutual fund makes available in the prospectus and through periodic reports to shareholders.

Diversification: Diversification is a basic investment principle utilized by all types of mutual funds. Simply stated, it means that the professional managers of mutual funds combine the money of shareholders and invest it in many types of securities. It is a well-tested method of reducing the risk inherent in all investing.

Diversification may take a number of forms:

1. By Issuer—Mutual fund portfolios contain securities of a variety of issuers. Various state securities laws and regulations prescribe certain requirements for diversification by companies; the Investment Company Act of 1940 requires certain minimum diversification standards for a mutual fund to qualify as a diversified company; and the Internal Revenue Code requires a certain measure of diversification for a fund to qualify as a regulated investment company.

2. By Security Type—Money market funds, for example, concentrate their activity in U.S. Treasury Bills and other short-term securities. While not insured, these funds are relatively safe

Money Market Funds
Asset Composition
Year-End 1984
(Billions of Dollars)

U.S. Treasury Bills	$ 20.2
Other Treasury Securities	5.2
Other U.S. Securities	17.0
Repurchase Agreements	22.8
Commercial Bank CDs	18.3
Other Domestic CDs	5.3
Eurodollar CDs	21.2
Commercial Paper	78.4
Bankers' Acceptances	19.6
Cash Reserves	(1.3)
Other	3.0
Total Net Assets	$209.7
Average Maturity (Days)	43
Number of Funds	329

investments because of the diversification and quality of their portfolios. These portfolios mainly include short-term debt issues of private banks, business corporations, and securities of the U.S. Government.

Most of the issues in money market portfolios have broad and active markets and can be easily sold, if necessary. The maturities of these issues are short. Last year, for example, the combined portfolio of 329 such funds averaged only 43 days.

Short maturities limit the possibilities of capital loss and generate a large daily volume of dollars from securities which are maturing. These dollars may be reinvested or used to meet redemptions.

Short-term municipal bond funds use the same technique of short maturities as the money market funds but their portfolios consist of securities from various municipalities. Stock, bond, and income funds diversify by including different types of longer-term securities in their portfolios. Corporate bond portfolios include issues of many different businesses, while those of municipal bond funds include holdings of a wide range of state and local governments. Most equity mutual fund companies, moreover, diversify their portfolios by including securities issued by companies in many different industries.

3. By Timing Purchases and Sales—Mutual fund managements establish a range of price levels for purchases and sales of securities as appropriate to conditions. Purchasing and selling over periods of time tend to diversify costs or sale prices.

Specialized Portfolios: Some equity mutual funds concentrate almost entirely on the so-called "blue-chip" common stocks, those issued by large and well-known corporations which are leaders within their respective fields and which have long records of satisfactory dividend payments and earnings, and responsible management.

Others may specialize in so-called "growth" company stocks, which, because of the nature of their products or services or financing or other reasons, are believed to offer opportunities for substantially increased income and profits in the future as the companies develop.

There are some common stock mutual funds which specialize in a particular industry or related industries, usually investing in the securities of many different firms in that industry or group of industries.

Portfolio Composition
of Equity,
Bond, and Income Funds
Year-End 1984
(Billions of Dollars)

Common Stock	$ 81.6
Preferred Stock	1.6
Municipal Bonds (long term)	18.5
Corporate Bonds	15.0
U.S. Gov't. Sec. (long term)	8.0
U.S. Gov't. Sec. (short term)	2.4
Liquid Assets	9.6
Other	0.4
Total Net Assets	$137.1

Security Selections: There are approximately 25,000 securities issues available on the organized exchanges and in the over-the-counter markets of the nation, with an estimated value of about $2.1 trillion. It is from among these issues and values that mutual fund companies held assets totaling $137.1 billion in 1984.

Out of all these thousands of securities which are traded on the national exchanges and markets, an

DIVERSIFICATION OF MUTUAL FUND PORTFOLIOS
COMMON STOCK HOLDINGS BY INDUSTRIES
(In Millions of Dollars)

	Market Value 1974	Market Value 1979	Market Value 1984
Agricultural Equipment	$ 58.4	$ 157.4	$ 132.5
Aircraft Mfg. & Aerospace	190.5	538.5	647.3
Air Transport	283.8	262.2	475.0
Auto & Accessories (excl. Tires)	372.3	278.8	1,058.5
Building Materials & Equipment	488.9	299.4	564.3
Chemicals	1,230.4	943.4	1,387.8
Communications (TV, Radio, Motion Pictures, Telephone)	282.0	491.3	1,404.3
Computer Services*	N/A	N/A	147.4
Conglomerates	N/A	N/A	433.0
Containers	71.6	58.6	127.1
Drugs & Cosmetics	1,613.0	1,236.8	1,324.9
Elec. Equip. & Electronics (exc. TV & Radio)	698.3	1,066.0	2,796.5
Financial (incl. Banks & Insurance)	1,438.6	1,765.2	3,392.0
Foods and Beverages	594.3	530.2	792.0
Hospital Supplies & Services	N/A	N/A	316.8
Leisure Time	N/A	N/A	654.6
Machinery	283.7	181.0	480.2
Metals & Mining	583.4	464.4	414.3
Office Equipment	1,420.5	1,416.3	1,505.1
Oil	2,799.0	3,102.2	1,769.4
Paper	529.6	391.3	556.1
Printing & Publishing	N/A	N/A	337.3
Public Utilities (incl. Natural Gas)	966.5	1,011.7	1,639.5
Railroads & Railroad Equipment	451.0	227.6	393.7
Retail Trade	406.7	767.2	1,235.7
Rubber (incl. Tires)	149.8	59.2	163.6
Steel	370.0	236.9	107.7
Textiles	57.4	18.3	56.0
Tobacco	495.7	346.3	318.2
Miscellaneous	1,373.4	1,377.4	654.8
Totals	**$17,208.8**	**$17,227.6**	**$25,285.6**

NOTE: Composite industry investments drawn from the portfolios of 43 of the largest investment companies as of the end of the calendar year 1984 whose total net assets represented 37.9% of total net assets of all reporting equity companies.

* Includes computer software, consultants, and time sharing.

estimated 10,000 equity securities plus bond issues of more than 3,000 corporations are represented in mutual fund portfolios. Holdings of common and preferred stock by all types of funds amounted to $83.2 billion at the end of 1984. Corporate and long-term municipal bonds were valued at $33.5 billion.

Equity Mutual Funds: Portfolio transactions conducted by equity funds are by no means confined to any single securities market; orders to buy

DIVERSIFICATION OF MUTUAL FUND PORTFOLIOS
PERCENT OF TOTAL COMMON STOCK BY INDUSTRIES

	Market Value 1974	Market Value 1979	Market Value 1984
Agricultural Equipment	0.34%	0.91%	0.52%
Aircraft Mfg. & Aerospace	1.12	3.13	2.56
Air Transport	1.65	1.52	1.88
Auto & Accessories (excl. Tires)	2.16	1.62	4.19
Building Materials & Equipment	2.84	1.74	2.23
Chemicals	7.15	5.48	5.49
Communications (TV, Radio, Motion Pictures, Telephone)	1.65	2.85	5.55
Computer Services*	N/A	N/A	0.58
Conglomerate	N/A	N/A	1.71
Containers	0.42	0.34	0.50
Drugs & Cosmetics	9.37	7.18	5.24
Elec. Equip. & Electronics (exc. TV & Radio)	4.06	6.19	11.06
Financial (incl. Banks & Insurance)	8.36	10.25	13.42
Foods and Beverages	3.45	3.08	3.13
Hospital Supplies & Services	N/A	N/A	1.25
Leisure Time	N/A	N/A	2.59
Machinery	1.65	1.05	1.90
Metals & Mining	3.39	2.70	1.64
Office Equipment	8.25	8.22	5.95
Oil	16.26	18.01	7.00
Paper	3.07	2.27	2.20
Printing & Publishing	N/A	N/A	1.33
Public Utilities (incl. Natural Gas)	5.62	5.87	6.48
Railroads & Railroad Equipment	2.62	1.32	1.56
Retail Trade	2.36	4.45	4.89
Rubber (incl. Tires)	0.87	0.34	0.65
Steel	2.15	1.37	0.43
Textiles	0.33	0.11	0.22
Tobacco	2.88	2.01	1.26
Miscellaneous	7.98	7.99	2.59
Totals	**100.00%**	**100.00%**	**100.00%**

NOTE: Composite industry investments drawn from the portfolios of 43 of the largest investment companies as of the end of the calendar year 1984 whose total net assets represented 37.9% of total net assets of all reporting equity companies.

* Includes computer software, consultants, and time sharing.

or sell may be executed on all organized exchanges and in the over-the-counter market. Where an order is executed depends solely upon where an issue or issues may be bought or sold on the most favorable basis in the judgment of the management.

The basic element underlying all professional management activities in the supervision of investments is the continuing correlation between portfolio composition and the long-term objectives of the mutual fund and its shareholders.

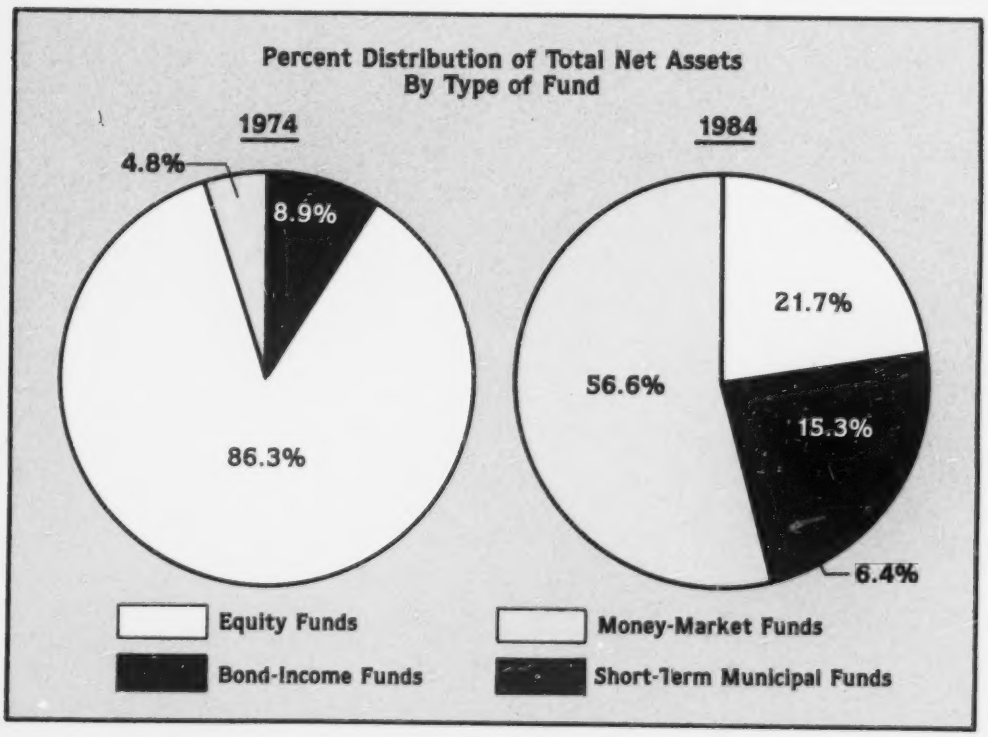
In the investment research process, experienced analysts conduct a constant appraisal of portfolio securities in terms of three distinct factors. These are: 1) general economic conditions; 2) the outlook for various industries; and 3) the prospects of individual companies, which are analyzed in terms of management, policies, sales and earnings records, competitive position and other factors.

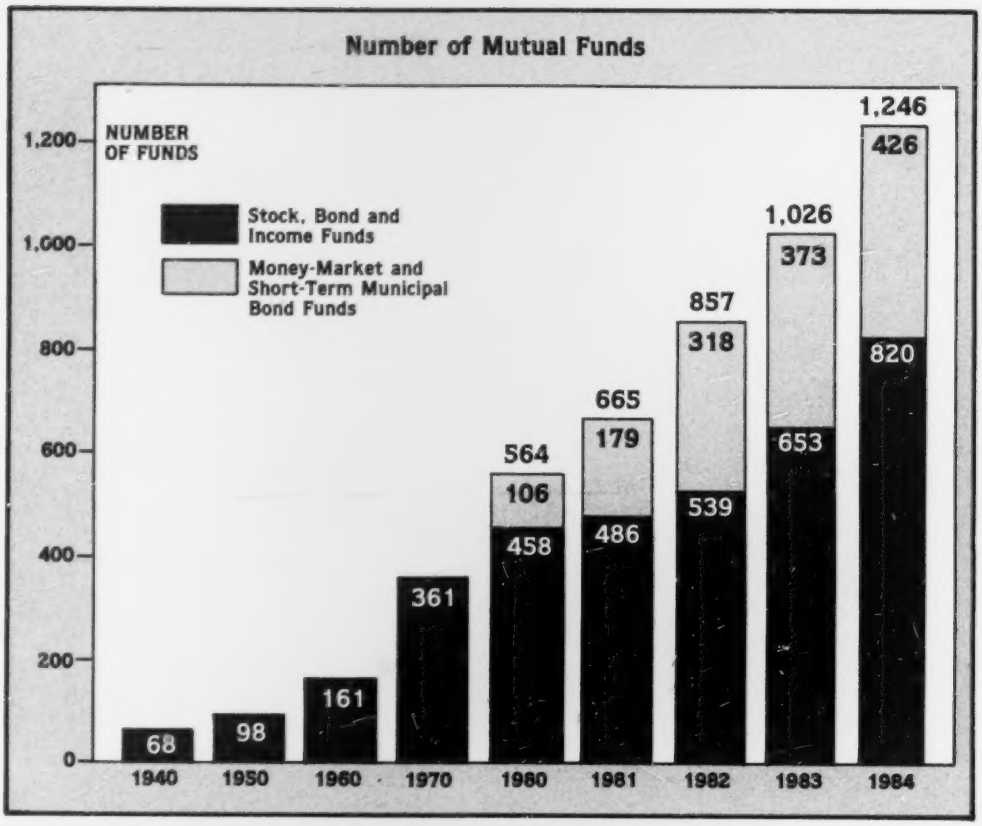
Application of the basic investment principle of diversification by equity funds can affect the relative position of the various industries represented in the portfolios. These positions are bound to vary from year to year. As the tables on pages 19 and 20 show, the three largest positions of the 43 largest equity mutual funds in 1984 were in electrical equipment and electronics, financial institutions, and oil. As might be expected, the ranking of various industries and the size of their share in fund portfolios changes through time. These variations reflect the changing views of portfolio managers regarding the attractiveness of the securities of firms in different industry groups.

Growth and Development

The mutual fund industry is now a diversified financial business able to respond to a varied set of investor needs. It was not always so. Ten years ago, money market funds had just entered the market, accounting for only 5 percent of mutual fund assets. At the same time, equity funds held 86 percent of the assets. Today, however, the money markets' share of industry assets has risen to over 56 percent, while the equity funds' share has dropped substantially. In addition, bond and income funds and short-term municipal funds have increased their market share. The number of funds that the investor may choose from has also risen substantially, tripling in one decade from 431 to 1,246. The increasing variety and number of funds exemplifies the enormous change that has occurred in the mutual fund industry.

In the 1950s and 1960s, the industry's historic concentration in equity funds paid off in enormous growth in sales and assets of the funds. This growth occurred in a period when stock prices were steadily climbing upwards with only slight interruptions. However, from 1968 to 1974, a volatile stock market, rising interest rates on alternative investments, inflation and other economic and financial uncertainties heightened investor concern about risks associated with equity products



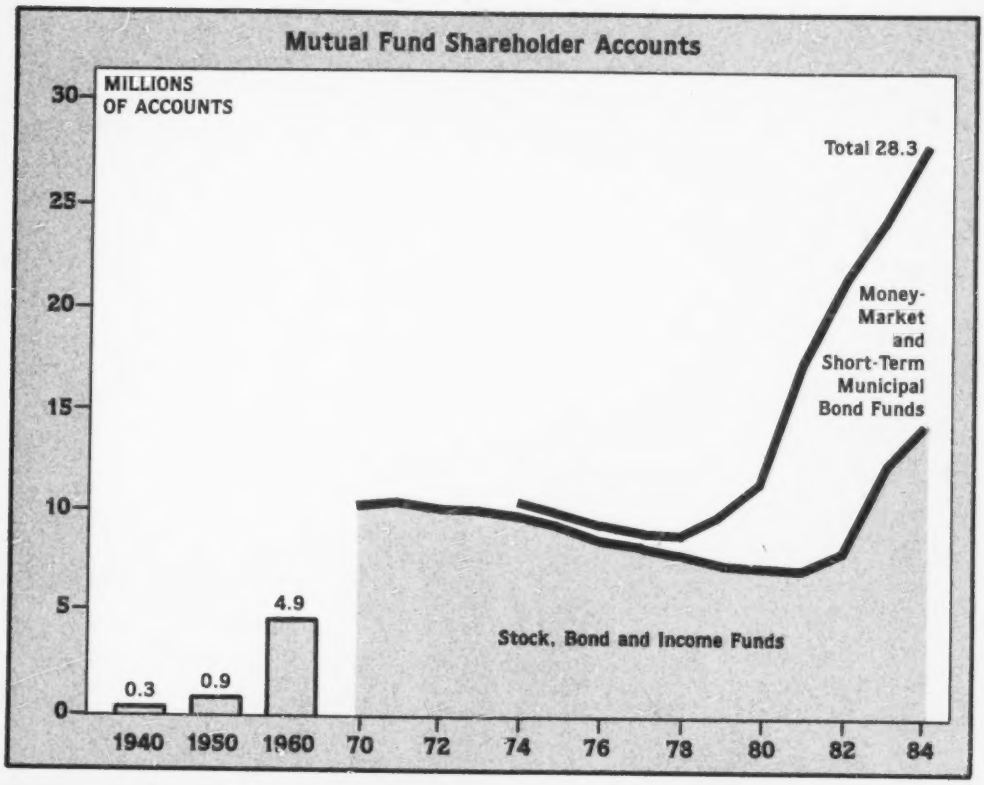


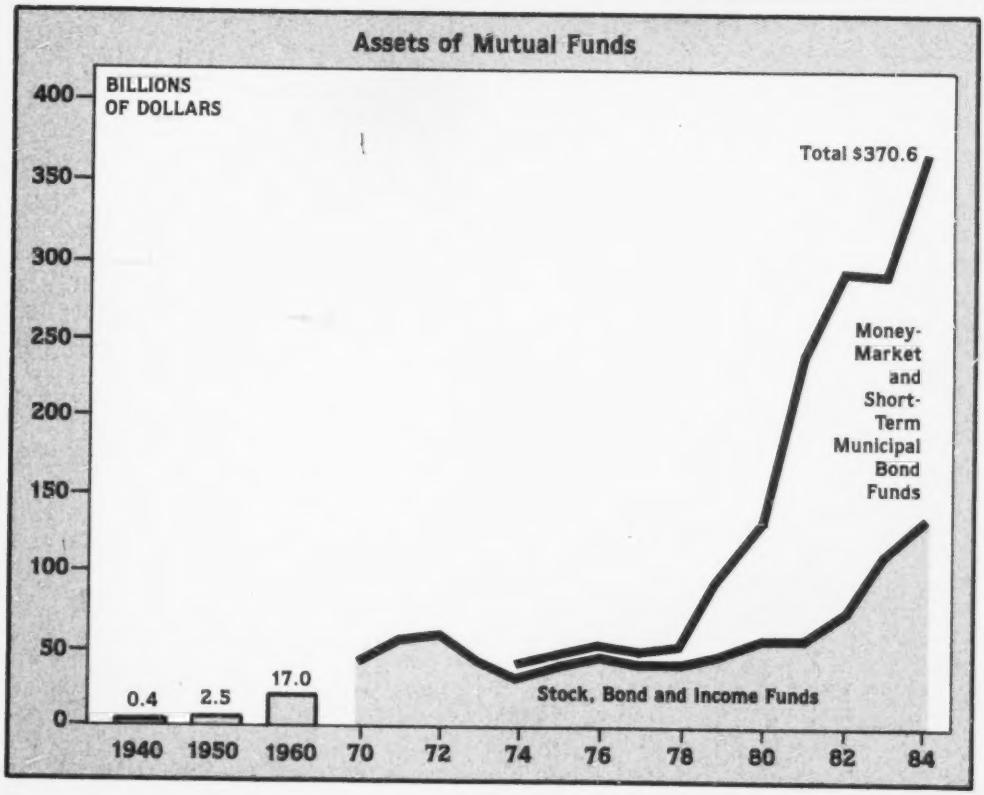
and dimmed the perception of the funds' potential returns. Consequently, investors stepped away from stocks and equity mutual funds and moved toward the relative safety of short-term liquid assets.

It was clear that the mutual fund industry should not continue to offer only equity products when investor demand for them was in a state of decline. Therefore, the industry embarked on a marketing strategy to broaden its product line and encourage use of the exchange feature. To this end, it introduced money market funds, municipal bond funds and new versions of standard stock and bond funds. In the process, it took on a new image: a diversified financial business capable of providing a variety of benefits to both investors and institutions.

While transformation of the fund industry was several years in the making, the cumulative impact of the elements within the marketing strategy have come together in recent years. Yearly sales of money market funds have more than doubled since 1980 and short-term municipal bond fund sales have likewise sky-rocketed. Sales of equity and bond funds have also risen sharply since the early eighties, partly due to investors recognition of the excellent performance of both types of funds.

In the same five year period, assets of all types of funds have risen substantially with money market fund assets climbing from $74.4 billion in 1980 to $209.7 billion in 1984; short-term municipal bond funds showed impressive gains, growing from $1.9 billion to $23.8 billion; and the assets of stock, bond and income funds rose to $137.1 billion from $58.4 billion. At the end of 1984, combined assets of all mutual funds totaled $370.6 billion.


Mutual Fund Shareholder Accounts
MILLIONS
OF ACCOUNTS
30
25
20
15
10
5
0
Total 28.3
Money-
Market
and
Short-Term
Municipal
Bond Funds
4.9
0.3
0.9
Stock, Bond and Income Funds
1940
1950
1960
70
72
74
76
78
80
82
84


Assets of Mutual Funds
BILLIONS
OF DOLLARS
400
350
300
250
200
150
100
50
0
Total $370.6
Money-
Market
and
Short-
Term
Municipal
Bond
Funds
0.4
2.5
17.0
Stock, Bond and Income Funds
1940
1950
1960
70
72
74
76
78
80
82
84

Sales, Redemptions and Assets
Equity, Bond, and Income Funds
(Billions of Dollars)

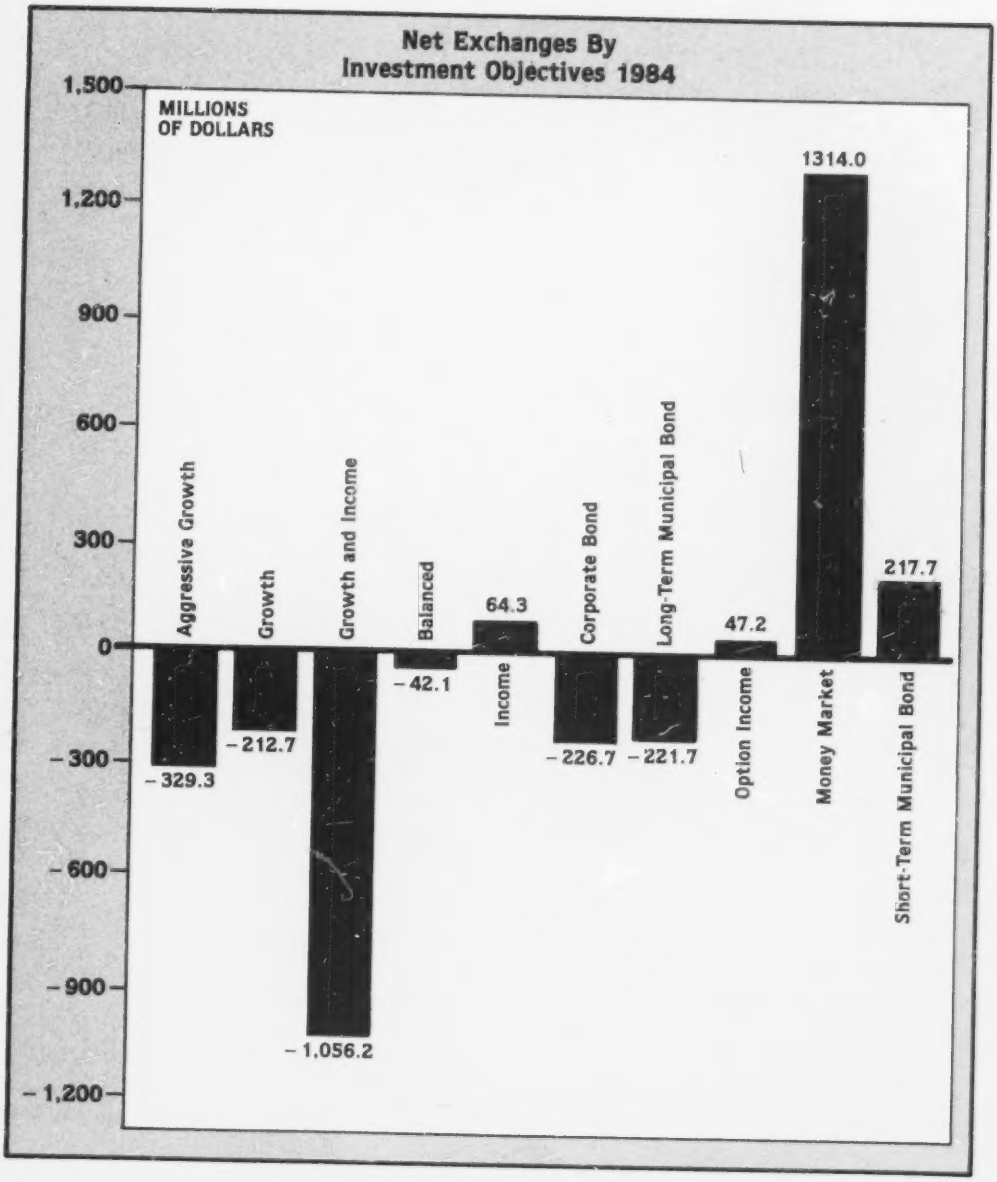
Year	Sales	Redemptions	Net Sales	Assets
1971	$ 5.1	$ 4.8	$ 0.3	$55.0
1972	4.9	6.6	(1.7)	59.8
1973	4.4	5.7	(1.3)	46.5
1974	3.1	3.4	(0.3)	34.1
1975	3.3	3.7	(0.4)	42.2
1976	4.4	6.8	(2.4)	47.6
1977	6.4	6.0	0.4	45.0
1978	6.7	7.2	(0.5)	45.0
1979	6.8	8.0	(1.2)	49.0
1980	10.0	8.2	1.8	58.4
1981	9.7	7.5	2.2	55.2
1982	15.7	7.6	8.1	76.8
1983	40.3	14.7	25.6	113.6
1984	45.9	20.0	25.9	137.1

Money Market Mutual Funds
(Billions of Dollars)

Year	Sales	Redemptions	Net Sales	Assets
1974	$ 2.2	$ 0.5	$ 1.7	$ 1.7
1975	6.7	5.9	0.8	3.7
1976	9.4	9.6	(0.2)	3.7
1977	10.7	10.7	0.0	3.9
1978	30.5	24.3	6.2	10.9
1979	111.9	78.4	33.5	45.2
1980	232.2	204.1	28.1	74.4
1981	451.9	346.7	105.2	181.9
1982	581.8	559.6	22.2	206.6
1983	463.0	508.7	(45.7)	162.5
1984	572.0	531.1	40.9	209.7

Short Term Municipal Bond Funds
(Billions of Dollars)

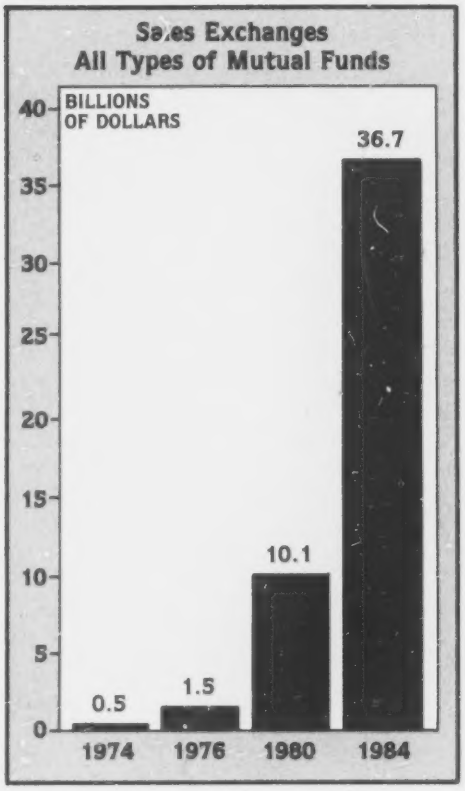
Year	Sales	Redemptions	Net Sales	Assets
1979	$ 0.6	$ 0.4	$ 0.2	$ 0.3
1980	5.3	3.8	1.5	1.9
1981	10.5	8.3	2.2	4.2
1982	29.4	22.2	7.2	13.2
1983	44.5	42.4	2.1	16.8
1984	62.3	55.9	6.4	23.8



nearly tripling the 1980 level of $134.8 billion. Total shareholder accounts also increased to 28.3 million in 1984.

The mutual fund industry has broadened its product line and increased the investors' range of choice through the addition of municipal funds, money market funds and variations of existing funds. At the same time, highly volatile financial markets have encouraged investors to be flexible in the handling of their personal portfolios. Together, these developments have produced an enormous increase in exchange activity.

In 1984, for example, exchanges into all types of mutual funds totaled $36.7 billion, more than 3 times the level at the start of the decade. As shown in the accompanying chart, total exchanges remained below $1.0 billion until 1976 when they reached $1.5 billion. Since that date, exchanges have risen at a phenomenal rate. The activ-



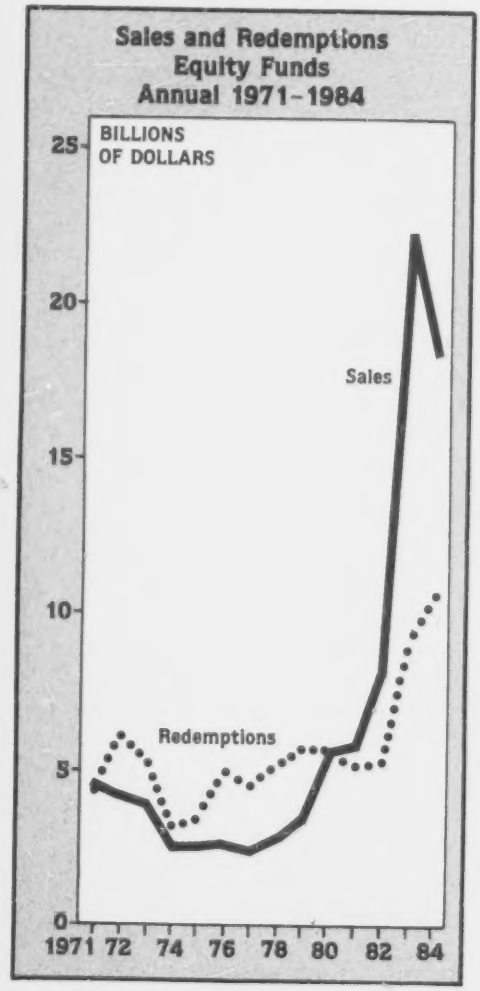
ity is widespread across all types of mutual funds as investors shift their assets around to take advantage of current market conditions.

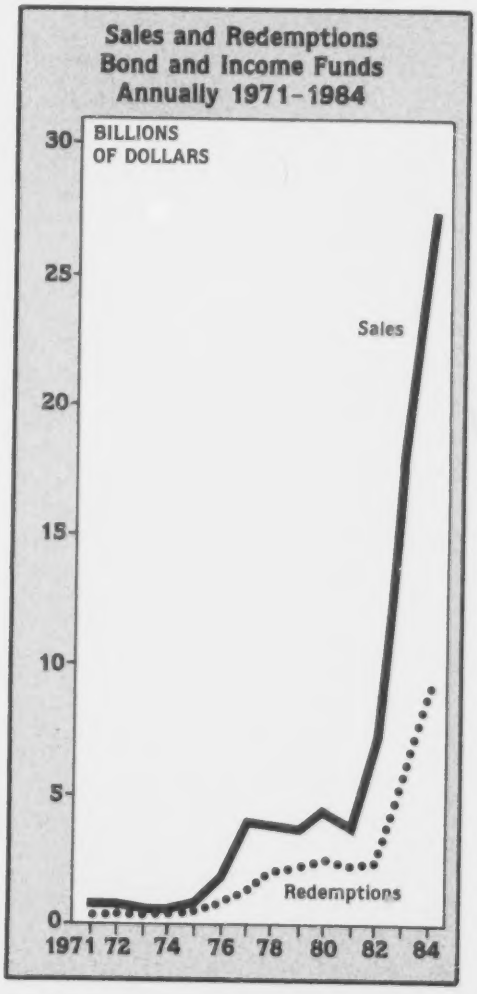
In a relatively short period of time, mutual funds have become the nation's fourth largest type of financial institution. Only commercial banks, savings and loan institutions and insurance companies are larger in size.

Recent Trends In Activity: Stock, Bond, and Income Funds

In 1984, sales of equity, bond, and income funds reached yet another record level. Sales of these funds hit $45.9 billion, 14 percent higher than the 1983 milestone. Total sales rose last year because a drop in sales of equity funds was more than offset by a rise in sales of bond and income funds.

The shifting demand for different types of mutual funds last year largely reflected changes in the financial environment. During 1984, stock prices moved erratically within a narrow range and bond prices improved, particularly in the latter half of the year. In response to these forces, sales of equity funds declined from 1983 to 1984. Even so, last year's sales level





Percent of Equity Funds
Sales and Redemptions Annually

	Sales		Redemptions	
	1983	1984	1983	1984
Aggressive Growth	36.5%	31.3%	30.9%	32.3%
Growth	37.6	30.4	35.9	33.1
Growth-&-Income	24.9	37.1	29.8	31.7
Balanced	1.0	1.2	3.4	2.9
Total	100.0%	100.0%	100.0%	100.0%

Percent of Bond and Income Funds
Sales and Redemptions Annually

	Sales		Redemptions	
	1983	1984	1983	1984
Income	21.4%	44.1%	23.7%	33.5%
Bond	21.0	13.3	30.3	18.0
Municipal Bond	50.9	35.8	43.2	45.3
Option/Income	6.7	6.8	2.8	3.2
Total	100.0%	100.0%	100.0%	100.0%

was high by any standard but 1983. At $18.5 billion, equity sales were far ahead of comparable totals in the decade of the Seventies, where they averaged about $3.3 billion per annum.

Accompanying the decline in total equity sales last year was a significant shift in investor demand for different types of stock funds within this broad category. During 1984, for example, growth and income funds experienced the largest dollar volume of sales ($6.9 billion) of any groups of equity funds. Aggressive growth funds were next with sales of $5.8 billion, followed closely by growth funds which had sales of $5.6 billion. In contrast, aggressive growth funds led the sales parade in 1983.

The strong sales performance of growth and income funds last year enabled them to increase their share of sales of the total equity group from 24.9 percent to 37.1 percent. Accordingly, the market shares of aggressive growth and growth funds declined between 1983 and 1984.

Sales of all types of equity funds remained at relatively high levels last year because many investors rightly perceive funds as investments which will generate a highly satisfactory return over a reasonably long time span. During the ten years ending December 1984, for example, equity funds have, on average, produced a per annum return of more than 15 percent.

During 1984, renewed investor confidence in the bond market contributed to record sales for bond and income funds. Total sales of this group amounted to $27.4 billion last year, almost $10 billion higher than in 1983. Much of the growth in this broad category reflects strong investor demand for income funds which rose from $3.8 billion in 1983 to $12.1 billion in 1984. Over 70 percent of these sales, moreover, were associated with funds which invest primarily in government securities.

Because of the rapid expansion in sales of income funds, their share of total sales of the bond and income

MUTUAL FUND ASSETS
(Billions of Dollars)

INVESTMENT OBJECTIVE	YEAR-END 1983	1984	Percent Change
Aggressive Growth	$ 18.7	$ 18.8	+ 0.5%
Growth	25.9	25.9	0.0
Growth-&-Income	29.3	32.7	+ 11.6
Balanced	3.1	2.9	– 6.5
Income	8.8	19.4	+120.5
Bond	11.3	13.0	+ 15.0
Municipal Bond	14.6	21.0	+ 43.8
Option/Income	1.9	3.4	+ 78.9
Total	**$113.6**	**$137.1**	**+ 20.7%**

MUTUAL FUND SALES
CLASSIFIED BY INVESTMENT OBJECTIVE
(Millions of Dollars)

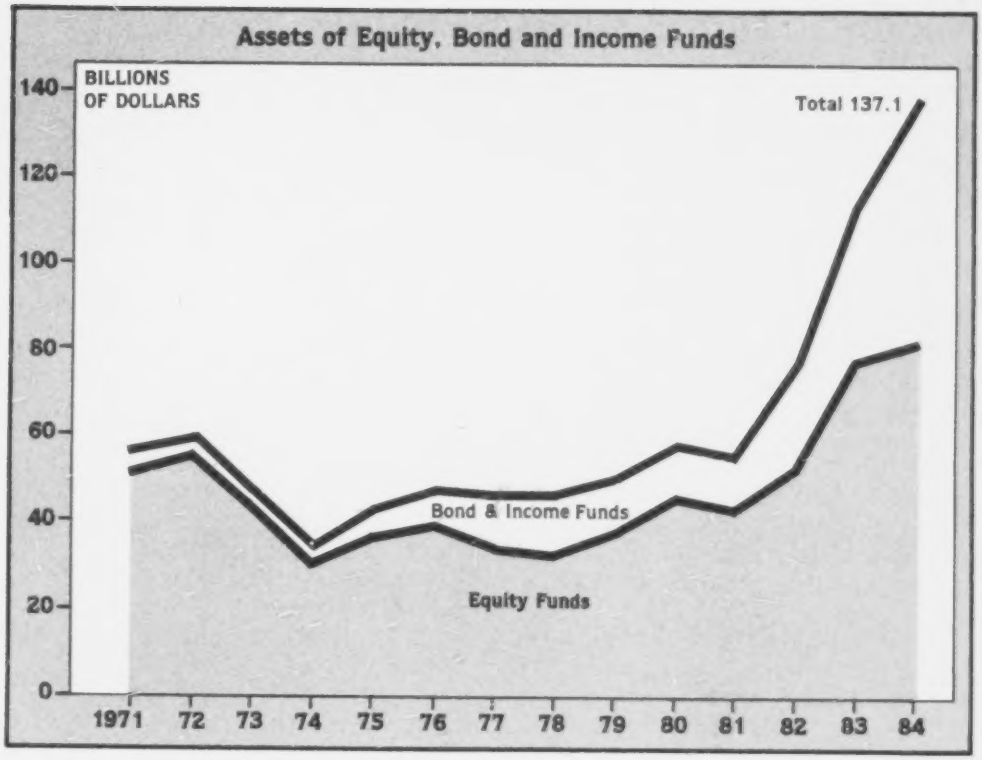
INVESTMENT OBJECTIVE	1983	1984	Percent Change
Aggressive Growth	$ 8,161.8	$ 5,769.8	– 29.3%
Growth	8,412.8	5,599.6	– 33.4
Growth-&-Income	5,574.1	6,839.9	+ 22.7
Balanced	226.0	221.7	– 1.9
Income	3,847.4	12,088.7	+214.2
Bond	3,770.3	3,636.0	– 3.6
Municipal Bond	9,127.5	9,832.9	+ 7.7
Option/Income	1,205.2	1,869.2	+ 55.1
Total Long-Term	**$ 40,325.1**	**$ 45,857.8**	**+ 13.7%**

group rose from 21.4 percent in 1983 to 44.1 percent in 1984. The shares of sales associated with corporate bond funds and municipal bond funds fell, accordingly.

With sales of equity funds and bond and income funds rising more rapidly than redemptions in 1984, net sales amounted to $25.8 billion, slightly above last year's record. Equity funds and bond and income funds posted net sales of $7.7 billion and $18.2 billion, respectively.

The magnitude of the expansion in equity, bond and income funds over the past few years is clearly evident in the accompanying chart on assets. The assets of these funds totaled $137.1 billion in 1984, a 24 percent increase over 1983's high of $113.6 billion. Assets of the equity funds climbed from $77.0 billion in 1983 to $80.3 billion at year-end 1984.

Bond and income funds also rose from $36.6 billion in 1983 to $56.8 billion in 1984, thus increasing their share of total net assets from 32 percent to 41 percent. At the beginning of this decade, their share was only 24 percent. It should be noted that the



government income funds played a large part in the growth of the bond and income category with assets rising from $1.2 billion in 1983 to $10.2 billion in 1984.

Recent Trends In Activity: Money Market and Short-Term Municipal Bond Funds

During 1984, the assets of money market funds (MMFs) climbed steadily to reach a new year-end high of $209.7 billion. This is a 29 percent increase over the 1983 level of $162.5 billion. Money market fund assets declined in 1983 because of increased competition from the new money market deposit accounts (MMDAs), a strong stock market, and declining short-term interest rates. The increase in 1984, however, resulted from an interest rate advantage over competing instruments, rising rates in the first half of the year, and an uncertain stock market.

The offering of MMDAs beginning in December 1982, heralded a sharp drop in MMF assets as investors shifted their money to take advantage of the high introductory rates of the MMDAs. Since August 1983, however, MMF rates have consistently been higher than those of the MMDAs. This has contributed to a steady flow of money back into the MMFs.

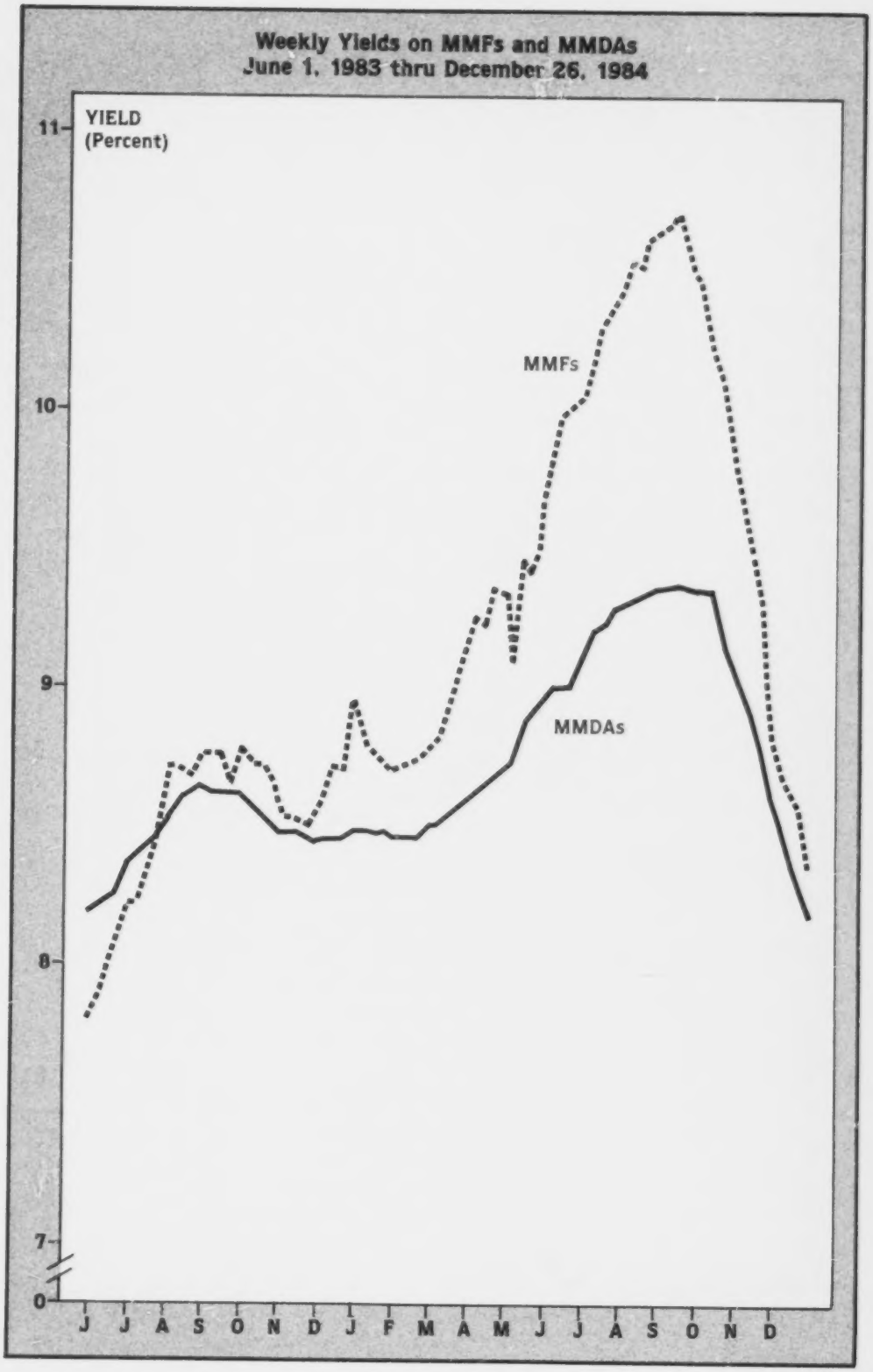
Money market funds have successfully adjusted to changes in the marketplace because they continue to respond to investors needs for a relatively safe, high yielding, liquid instrument. These product features, moreover, appeal to a wide range of potential investors —from people with limited amounts to save to individuals and institutions able to invest large sums of money.

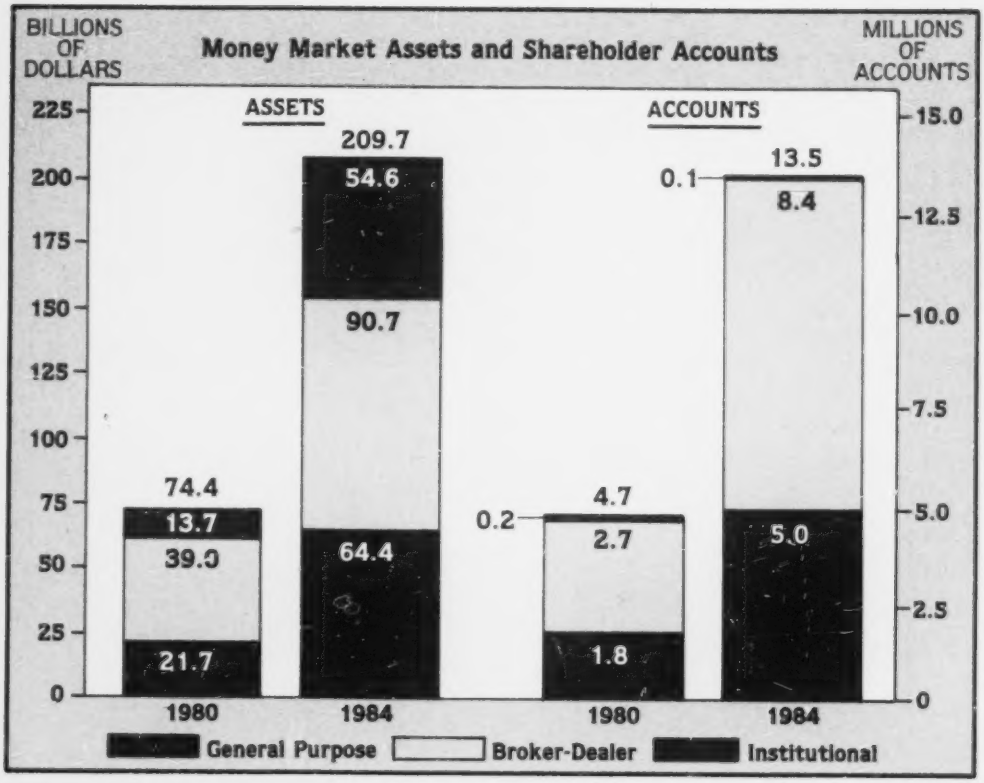
Three broad types of money market funds offer shares—each responding to somewhat different needs. General purpose funds and broker/dealer funds, for example, sell to both individuals and institutions. Individuals, however, are the primary market, and represent almost 75 percent of the assets of both types of funds. Institutional funds, on the other hand, concentrate exclusively on institutional investors such as businesses and bank trust departments. These funds are characterized by fewer shareholders with larger amounts to invest.

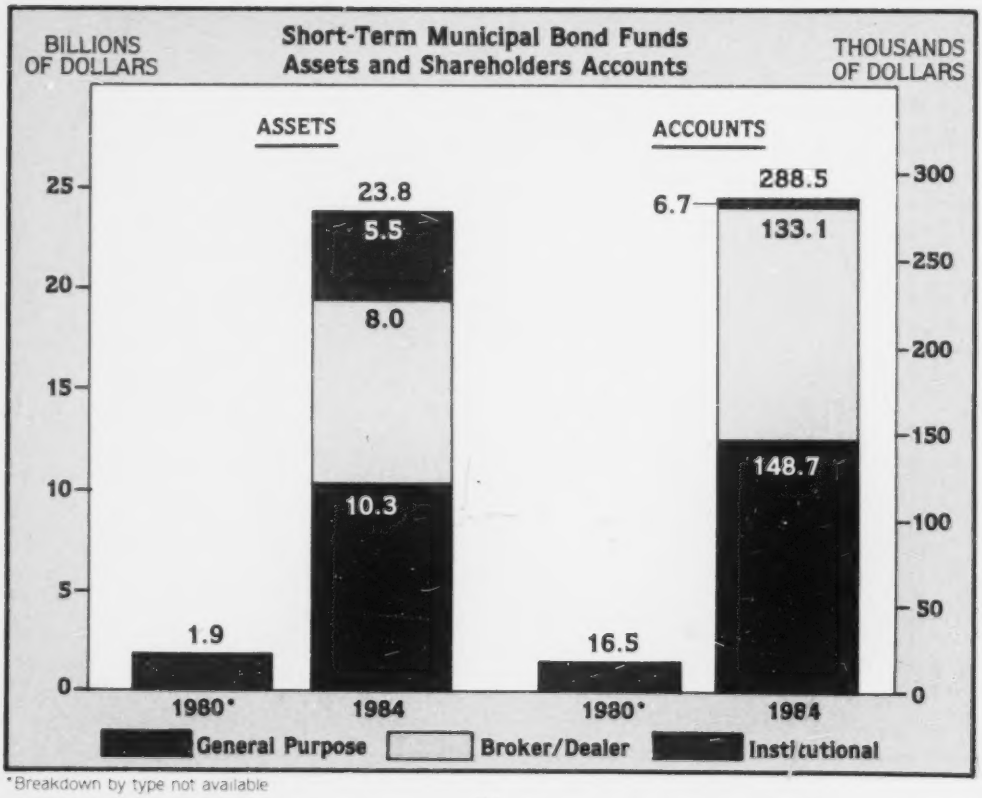
At the end of 1984, the outstanding assets of the money market funds totaled $209.7 billion. As was noted earlier, this is the highest year-end level achieved by the funds. It is also only 9.7 percent less than the all time record level reached of $232.1 billion in November 1982. Broker/dealer funds accounted for the bulk of this year's asset figure, holding 43.3 percent of the market. General purpose funds and institutional funds held 30.7 percent and 26.0 percent, respectively.

Shareholder accounts for the money market funds have risen over 10 percent in 1984 to a new record level of 13.6 million. Again, the broker/dealer funds held the largest portion of accounts, making up 62.2 percent of the market while general purpose funds accounted for 37.0 percent. As noted earlier, institutional funds have fewer accounts with larger account balances. These funds represent only 0.8 percent of all MMF accounts.

While the money market funds have been making their comeback in 1984, short-term municipal bond funds have begun making their mark in the money market. These funds, introduced in 1979 with assets of $0.3 billion, have grown tremendously, reaching $23.8 billion at year-end 1984. Part of the appeal of these funds is the combina-


Weekly Yields on MMFs and MMDAs
June 1, 1983 thru December 26, 1984
YIELD
(Percent)
11
10
9
8
7
0
MMFs
MMDAs
J J A S O N D J F M A M J J A S O N D





*Breakdown by type not available

tion of many features of the money markets with the added bonus of tax-free income. This tax advantage makes the short-term municipal bond funds particularly attractive to investors in the higher income brackets.

Response to this new product has been tremendous. Assets have risen steadily since 1979, as have shareholder accounts (which have also reached a record level of 289 thousand in 1984). The result of all this activity has been to firmly establish the short-term municipal bond fund as another key product in the already diverse mutual fund market.

Women: Active Money Managers

Early in 1984, the Investment Company Institute conducted a survey of women, both employed and not employed, to determine their attitude toward various forms of saving and investment. This information was sought so that the mutual fund industry could effectively respond to the financial needs of women.

The results of the study clearly show that women are becoming more active in their personal financial management. Many women say they enjoy the task; that it is challenging and educational and that it provides a sense of independence. Over 60 percent of the women polled enjoyed the decision making process. These women tend to be slightly younger and have moderately higher incomes than those that do not enjoy decision making. The 40 percent who responded negatively still felt intimidated by the process. Many said that they feared making wrong decisions, that they had insufficient knowledge or experience and that they had too little money left to invest after paying bills.

Retirement is the prime future financial goal, according to the women polled. Fifty-six percent noted this as a reason for saving. The popularity of IRAs underscores this fact; a third of the group has opened an IRA within the past two years. Travel was the second most widely mentioned savings goal as cited by 48 percent of the women. Other goals include purchase of car, home, or real estate and financing their children's education. The survey also indicated that 60 percent of the women were able to save some amount every month, increasing the likelihood that these goals will be reached.

During the past few years, there has been a transition in women's attitudes towards savings and investments. High inflation and interest rates and the introduction of new types of financial products are encouraging women to shift away from traditional savings vehicles, such as passbook savings accounts, and to move toward financial products that offer higher returns. For example, 79.7 percent of the women who responded indicated their attitude has become less favorable toward passbook savings accounts in recent years. At the same time, three-fourths or more of the women view money market funds, money market deposit accounts, and saving certificates more favorably. Of those whose attitudes have changed toward stocks and stock mutual funds, about two-thirds view them as more favorable investment vehicles. The more favorable attitude toward financial investments can be attributed to better returns, more financial knowledge and better availability.

These attitudes are reflected in the broader mix of investment vehicles that women own. They are balancing their portfolio between "safe" and "risk" products. Most women are still tied to the traditional passbook savings account as the base for their financial package. However, they are likely to spread additional assets over money market mutual funds, money market deposit accounts, stocks, stock mutual funds, savings certificates and real

The Institute's Research staff designed and tested the questionnaire and sent it to a random sample of 13,200 women drawn from a large subsample of women representing all regions of the country. Over 2,100 responses were used for analysis.

Key Findings By Marital Status

	Never Married	Married		Divorced	Widowed	Total Sample
		Employed	Not Employed			
Median Income	$19,968	$35,663	$31,463	$18,030	$16,000	25,774
Median Age	28.8	35.4	37.8	38.6	61.7	36.6
Finished College or Graduate School	59.1%	40.1%	29.1%	34.4%	26.8%	39.4%
Saving Part of Income	91.6%	93.3%	88.1%	80.8%	90.5%	90.0%
Median Savings Rate	5.2	4.7	5.4	3.7	5.6	4.8
Likes Decision Making	58.6%	64.1%	58.4%	58.1%	59.8%	61.0%
Dislikes Decision Making	41.4	35.9	41.6	41.9	40.2	39.0
Participation in Decision Making						
You	55.5	17.7	12.5	63.8	63.6	34.5
You/Partner Equal		69.1	68.5			40.4
Partner		12.2	17.8			8.1
Some Help from Others	37.2			30.6	28.9	13.6
Mainly Others	7.3	1.1	1.1	5.5	7.5	3.4
Acceptance of Moderate Risk	44.2	46.5	40.0	43.4	32.1	43.3
Major Savings Goals						
Retirement	43.9	59.7	56.0	50.6	53.9	55.6
Travel, Vacation	60.9	47.5	43.5	41.4	35.8	48.2
House, Real Estate	42.3	35.4	24.7	23.9	7.8	31.0
Car	36.4	18.2	21.7	24.5	16.1	19.4
Children's Education	5.1	31.7	32.1	25.5	14.5	25.1
Detailed Knowledge of Funds	22.7	26.7	24.4	25.5	38.7	26.6
Ownership of Funds	23.1	27.2	24.8	18.4	34.2	25.4

estate. In a similar survey conducted in 1978, when money market funds were a fairly new product, only one out of 100 owned MMFs. Today, one out of five owns a money market fund and one out of four owns a money market deposit account. A third of the women surveyed now report owning stocks; one in ten report ownership of stock mutual funds.

In total, about 25 percent of the women polled own mutual funds, forming a group with very distinctive characteristics. Typically, the female mutual fund owner is older, better educated and in a higher income bracket. It is interesting to note that these characteristics are similar to the male mutual fund owner profile. In addition to the basic traits, the women who own mutual funds tend to have extensive financial knowledge, are more risk oriented, have a greater concern for retirement planning and are able to save and invest more.

According to the survey, women are not overly risk-averse; over 43 percent are willing to accept moderate risk for a better return over time. Willingness to accept risk varied among marital status with married women who are employed tending most toward risk taking. Single working women and married women not working outside the home were only slightly less enthusiastic about risk. Widows were the most reluctant group to accept risk. Many willing to take risks say that they are financially conservative but will accept risk as part of achieving higher returns.

Women's knowledge of mutual funds is increasing. About two-thirds of the women polled are aware of mutual funds and more than 25 percent have detailed knowledge of them. In the Institute's earlier study only 18 percent knew of funds in any detail. Women gave high marks to several features associated with mutual funds. On a scale of 1 to 6, with 6 being favorable, several mutual fund characteristics were rated as follows: the opportunity to shift from one investment to another as needs dictate (4.8); the ability to add small amounts regularly to the investment (4.7); and the offering of periodic status reports (5.2). Because of these favorable ratings, the greater knowledge of funds, and the more prevalent ownership of funds, particularly with respect to money market funds, the Institute expects mutual funds to be among women's top financial choices as they continue to increase their participation in the financial marketplace.

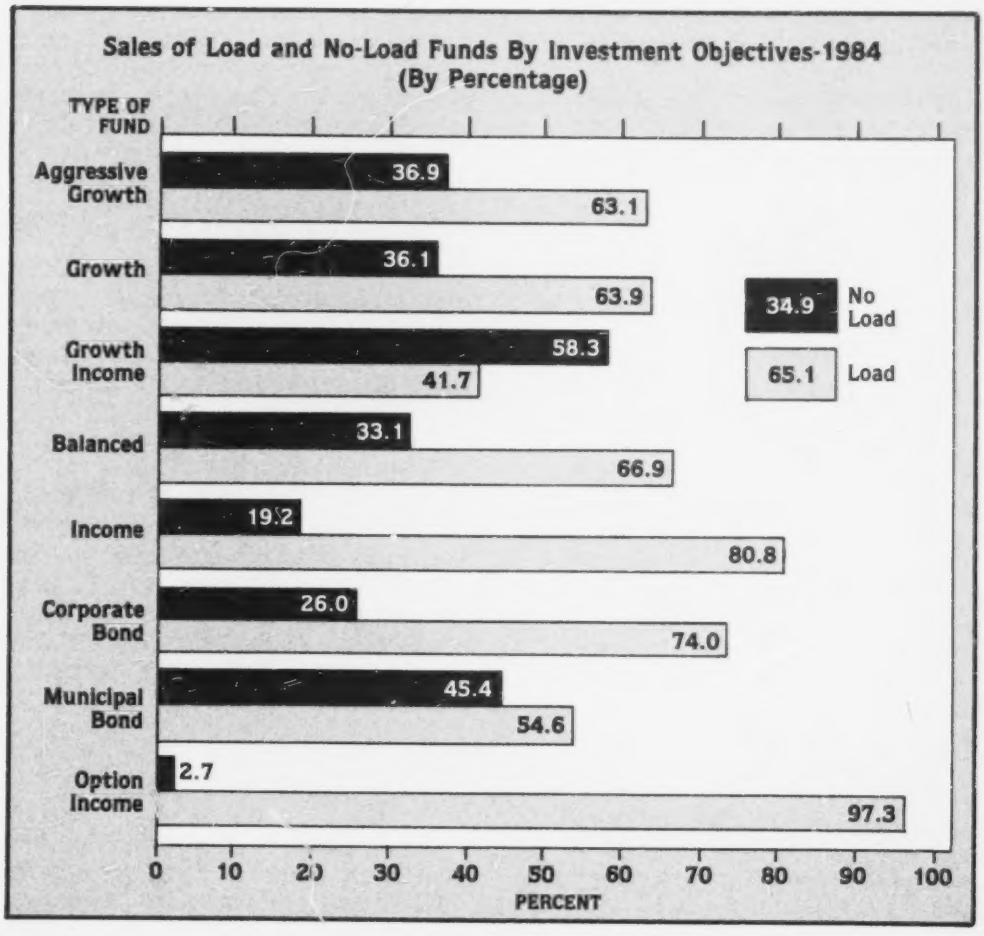
Selling Mutual Funds

How Funds Are Sold

Unlike most securities and the shares of closed-end investment companies which are bought and sold on national exchanges and in the over-the-counter market, the shares of mutual funds may be acquired by the investor in several different ways.

A key organization in the distribution of mutual fund shares is the underwriter. Through a contract arrangement with the mutual fund offering shares, the underwriter has exclusive distribution rights, usually on a national basis.

Dealer to Investor: The underwriter carries on a wholesale function in mutual fund distribution. Representatives of the underwriter distribute to retailers—securities dealers and



brokers. The underwriters support the retail selling effort through various sales promotions and personal contact. The dealer, in turn, deals directly with the public—the potential purchasers of mutual fund shares.

Most retail firms distributing mutual fund shares are members of the National Association of Securities Dealers. This organization provides self-policing of its member firms in the distribution of mutual fund shares, as well as in other over-the-counter securities transactions.

To a growing extent, retail distribution is taking on the aspects of financial planning. The basic product is being made more and more adaptable to the individual investor's needs and is being presented as one of several building blocks in an overall financial plan which includes life insurance, fixed dollar savings and individual securities, in addition to mutual fund shares.

Underwriter to Investor: A second major distribution method is direct selling. In this case the retail securities dealer is not utilized. The underwriter organization carries on, in addition to the wholesale function, the retail function by the employment of sales representatives to approach the investing public.

Fund to Investor: In this method of distribution, funds may deal directly with investors without the use of salesmen in the field. The funds may present themselves to the public through advertising, direct mail, and other means. Potential investors may take the initiative in determining whether specific funds meet their needs. Investors may contact the funds directly to obtain a prospectus or buy shares. The shares of these funds are generally sold to the public without a sales charge.

Pricing: The offering prices and redemption prices of mutual fund shares are determined with reference to the current market value of the underlying investments in the fund's portfolio. This "asset value per share," determined by the companies at least once a day, is calculated by dividing the company's total net assets by the number of its shares outstanding.

The offering price, which may include a distribution charge, is fully explained in the mutual fund's prospectus. If levied, the buyer pays a sales charge of about 7.5 to 8.5 percent, which is included in the shares offering price. The charges may vary, depending upon the amount of his purchase and the rates set by the individual fund. Lower rates usually apply on larger purchases. Mutual funds generally redeem their outstanding shares at their current net asset value.

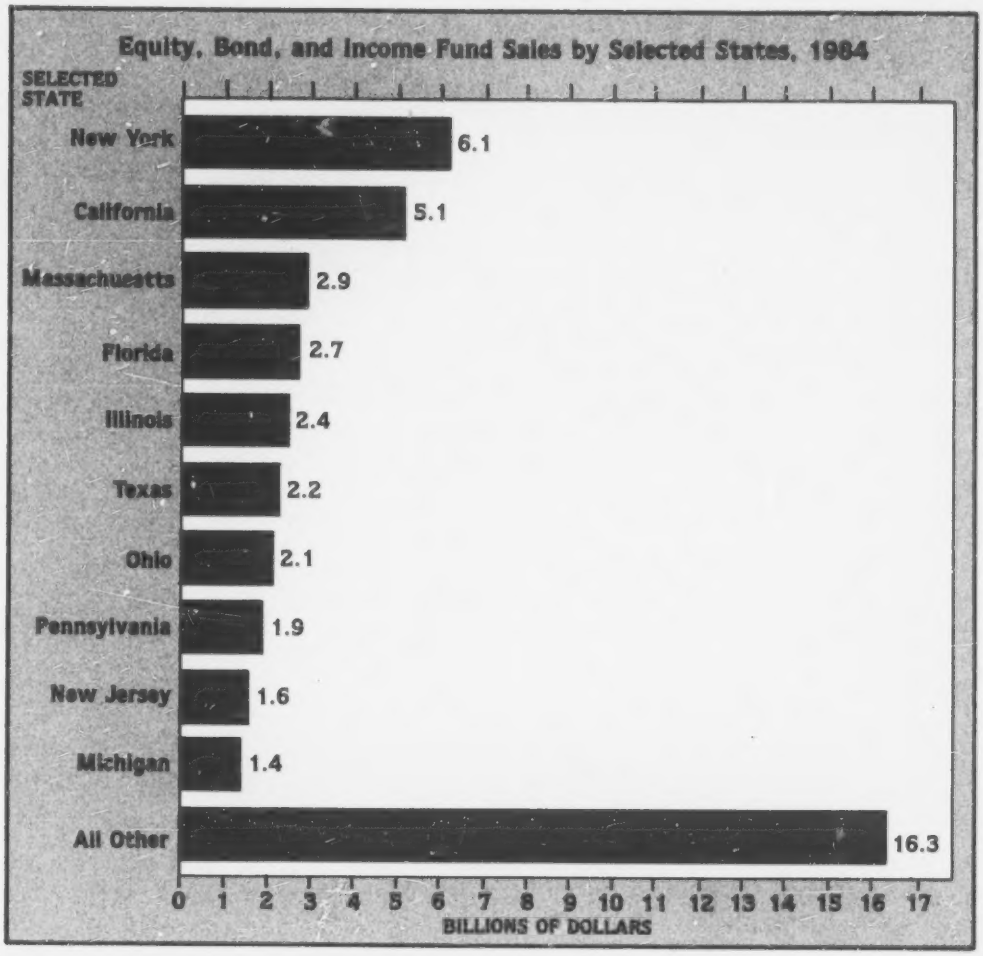
Broad Interest: The different methods used in the distribution of mutual fund shares have generated a broad interest in such shares among individuals, families, and institutions in every one of the 50 states. Due to rapid technological advances and the evolution in financial services, the mutual fund industry continues to develop new and innovative ways of reaching the investing public.

Ten years ago over 80 percent of mutual fund sales were load sales, made with a sales charge to the investor. Since then, this ratio has ranged from 55 percent to 66 percent. In 1983, load sales accounted for 63.0 percent of total sales, rising to 65.1 percent in 1984.

Option income funds and income funds had the highest percentage of load sales. Load sales of most of the other categories fall between 50 and 75 percent of total sales. The only group where no-load sales were more than half of total sales was the growth and income funds.

Where Funds Are Sold

Assets and sales of mutual funds are heaviest in geographic regions which include large numbers of people in



moderate to upper-income groups. Such areas attract fund organizations who engage in broad-based sales-promotion programs to increase the public's awareness and knowledge of mutual funds. The result: certain geographic areas are prime marketing targets since they include prospects who are both able and willing to purchase mutual funds.

As may be seen in the accompanying chart, New York and California accounted for the two largest state shares of total sales of equity, bond and income funds. Sales in New York totalled $6.1 billon in 1984, 13.6 percent of all sales of those funds. California accounted for 11.4 percent of total sales. The ten states with the largest share of stock and bond fund sales, moreover, accounted for over 60 percent of the total.

Essentially, the same ten states that dominate the market for stock and bond funds play a similar role in the distribution of money market fund shares. Using the regional categories of the Bureau of the Census, another geographic trend is evident. Shares of total sales of stock and bond funds over the past decade are increasing slightly in the Northeast and the South. These gains are at the expense of the North Central and Western Regions.

Institutional Markets

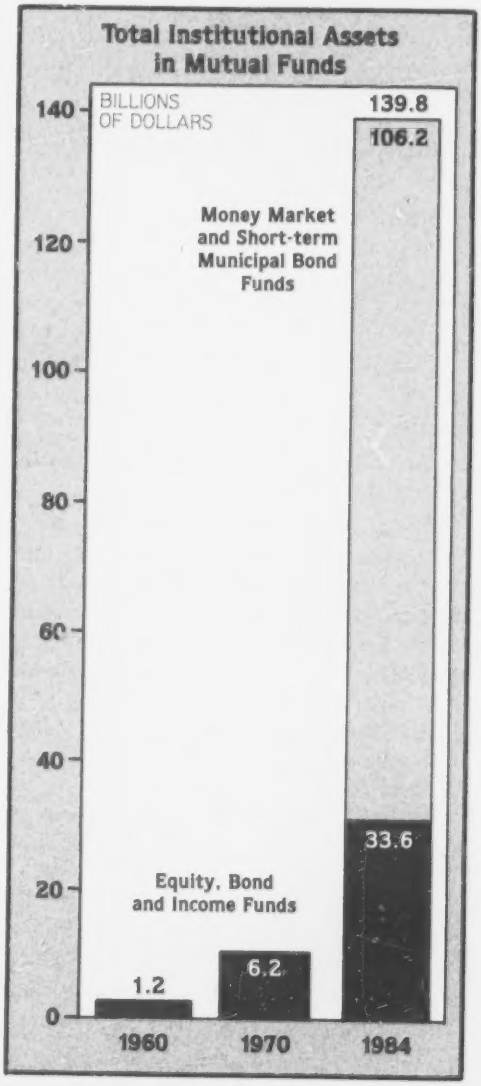
Mutual funds are sometimes thought of as financial products for individuals, primarily for small investors. The modest initial investment requirements of funds and the investors' ability to add small amounts to their accounts at regular intervals does allow mutual funds to play this role. Superior investment prerformance, diversification, and other services available through mutual funds, however, also attract investors in middle and upper income brackets. And, increasingly, institutions of various types have turned to mutual funds.

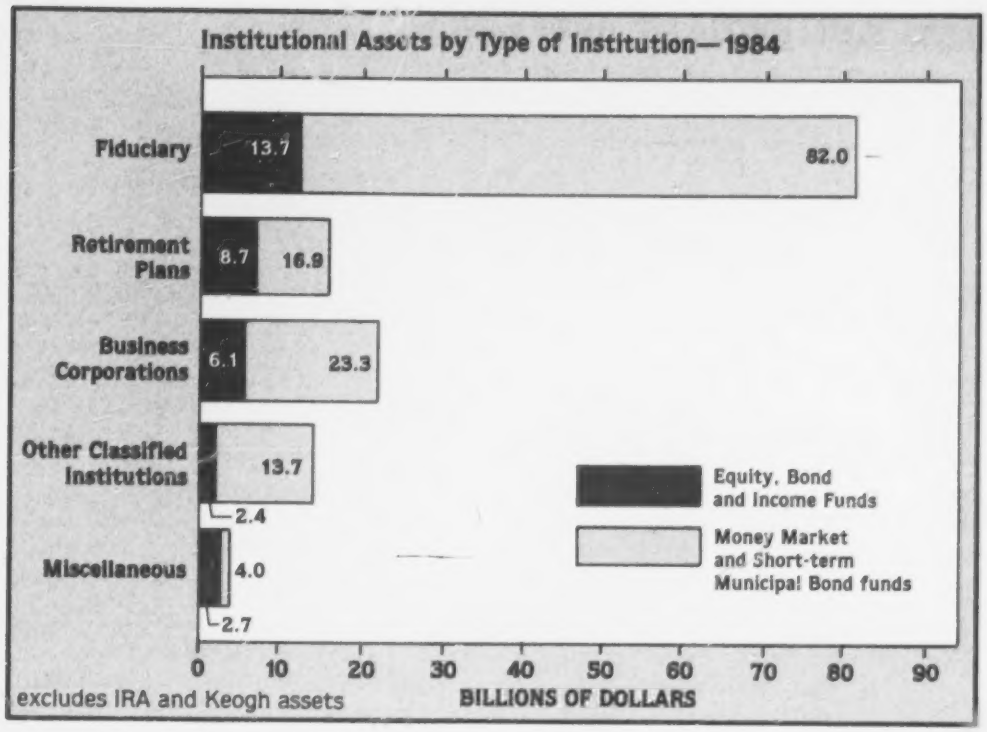
For marketing and statistical purposes, intitutional activity is defined to include banks and other fiduciaries, business corporations, employee pension and profit-sharing plans, insurance companies, foundations, and other types of institutions. As the accompanying chart shows, the value of institutional assets under management has risen from about $1.2 billion in 1960 to $139.8 billion at the end of 1984.

Since this rate of growth has been much more rapid than the expansion of assets owned by individuals, institutional assets have accounted for an expanding share of total assets. Between the end of 1960 and the end of 1984, the share of total assets accounted for by institutions rose from 10.6 percent to 37.7 percent. Part of the reason for the acceleration in institutional activity has been the expansion of money market funds which were first offered in the early Seventies.

Institutional assets represented 45.6 percent of total money market fund assets at the end of 1984. This ratio is a modest increase over the prior year. Money market institutional assets rose from $65.1 billion to $95.7 billion between 1983 and 1984, a rate of increase significantly greater than that for total money market assets.

The institutional assets of equity, bond and income funds grew at a slightly greater rate in 1984 than indi-





vidual assets. Thus, the institutional share of assets in these funds increased to 24.5 percent at the end of 1984 from the 22.9 percent share at the year-end 1983.

The expansion of institutional assets in money market funds occured primarily in fiduciary accounts, business corporations, retirement plans, and insurance corporations and other financial institutions. The increased assets in equity, bond and income funds are reflected in the fiduciary, retirement plans, and business corporations categories.

The number of institutional accounts has expanded over the years along with the rise in assets. In 1960, there were only about 347 thousand accounts on the books. At the end of 1984, institutional accounts totalled about 3.0 million. Since many of these are pooled accounts, the number of fund customers linked to institutions is even larger.

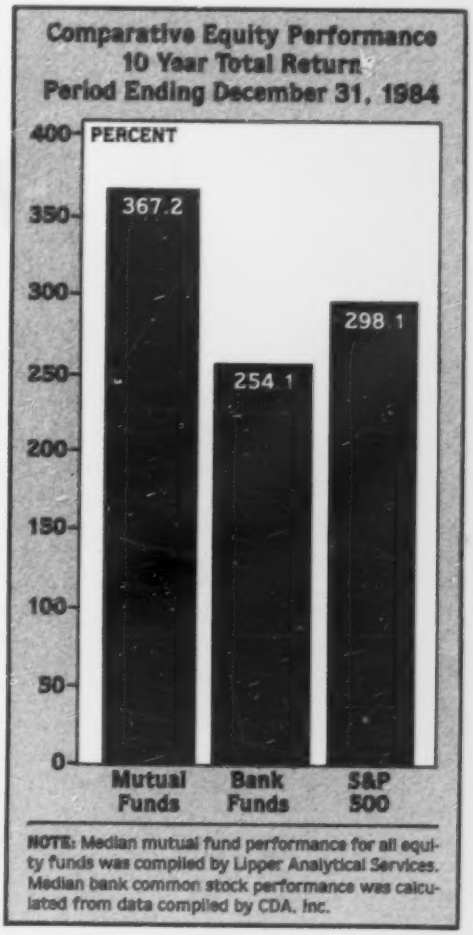
The institutional market is complex and includes a number of submarkets, each of which has many unique characteristics (see chart). By far the largest such market is the fiduciary group. At the end of 1984, fiduciary accounts of all types of funds numbered about 1.6 million and had an estimated total value of $82.0 billion (see chart).

The fiduciary market is composed of at least two broad segments: 1) bank trusts, and 2) individuals serving as trustees, guardians, and administrators. The former market is served mainly by the money market funds, while the latter is primarily the province of all other types of funds. This distinction is evident from the fact that the average-size fiduciary account associated with money market funds is much larger than stock, bond and income funds.

Other statistical details relating to the institutional market are contained in tables presented in the Appendix. Because of the importance of the retirement market, however, this segment will be discussed separately in the following section.

The Retirement Market

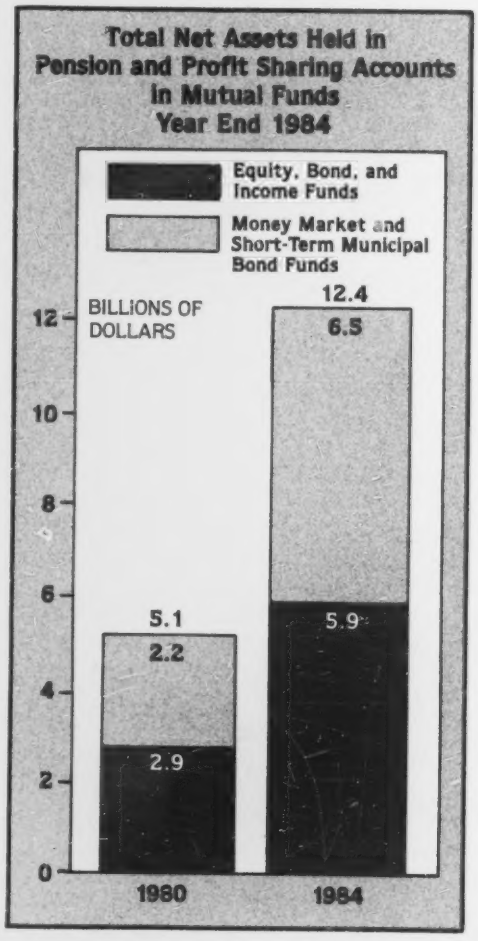
Mutual funds are uniquely compatible with the long-term objectives of saving for retirement (see box for description of plans). As noted earlier, there is a type of fund available to match a wide range of reward-risk preferences. Funds provide great flexibility through the exchange feature. They are a cost-effective way to invest, and they provide a wide range of services. Finally, for those who wish to fund all or part of their retirement plans with equities, stock-oriented mutual funds have generated total returns in excess of their major competitor, bank trust departments (see table).



NOTE: Median mutual fund performance for all equity funds was compiled by Lipper Analytical Services. Median bank common stock performance was calculated from data compiled by CDA, Inc.

Employee Pension And Profit-Sharing Plans

In recent years, mutual funds have made substantial progress in attract-



ing employee pension and profit sharing accounts. As shown in the accompanying chart, assets of these accounts totalled about $12.4 billion at the end of 1984.

Approximately $6.4 billion of the total was funded with money market funds; $5.9 billion came from stock, bond and income funds; and the remaining $0.1 billion was from the short-term municipal bond funds. In the early 1970s, the total value of all pension and profit-sharing plans probably totalled less than $1.0 billion.

While mutual funds have made progress in penetrating this market, it has not been commensurate with the competitive edge they have over banks in the area of investment performance. Mutual fund organizations must continue to tell their performance story. They must also clear up misconceptions about the appropriateness of funds as pension vehicles, particularly among sponsors with plans of $10.0 million or less.

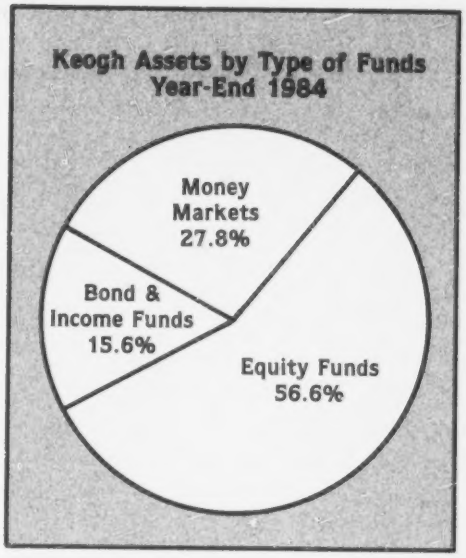
These impediments to further progress should be regarded as temporary. They can be overcome by more aggressive refined marketing-promotion strategies.

Keogh Plans

Mutual funds, always strong in the Keogh market, had 581 thousand accounts under management at the end of 1984. These plans totalled $6.4 billion and accounted for 27.0 percent of the total Keogh market.

As may be seen in the accompanying chart, just under 60 percent of the Keogh assets managed by mutual funds were associated with aggressive growth, growth, and growth-&-income funds. Money market funds accounted for 28 percent of mutual fund Keogh assets. The remaining investment objective groups accounted for the rest.

The Keogh market has become increasingly important since the liberalization of the tax laws effective in 1982. This change allowed self-employed individuals to put away the

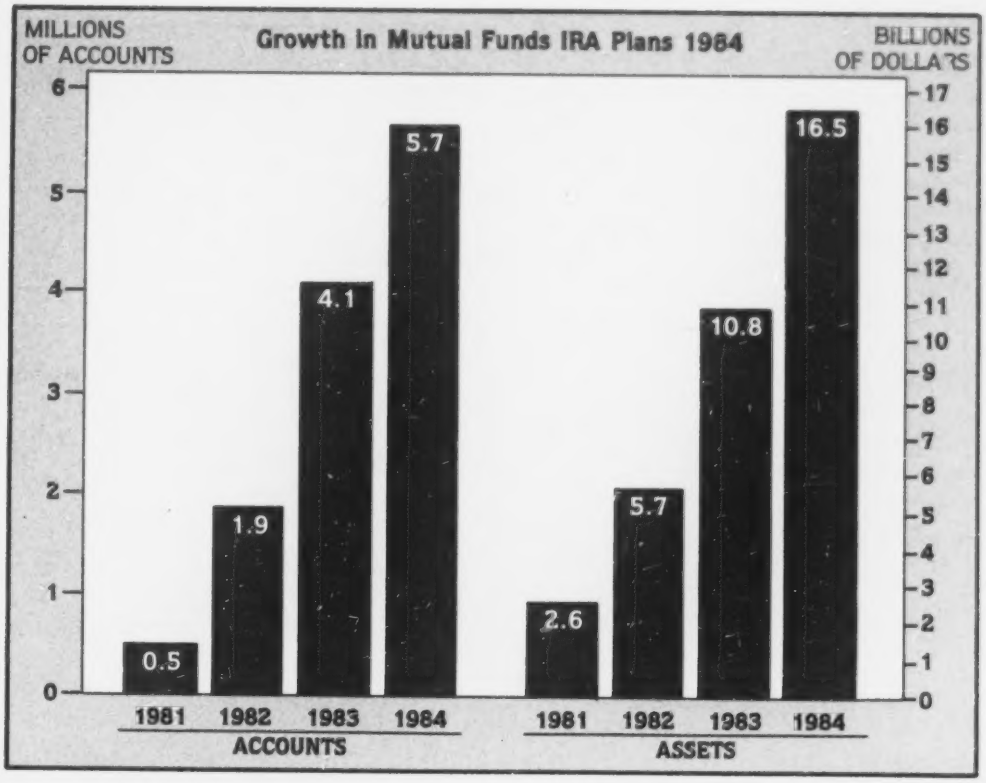


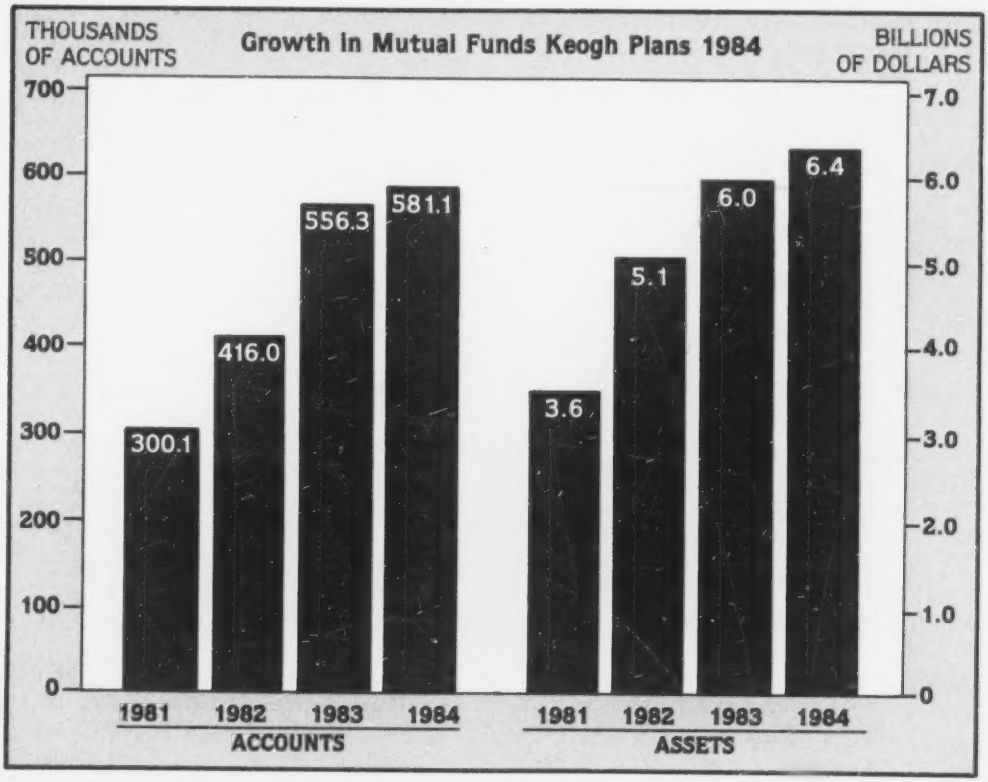
lesser of 15 percent of income or $15,000, instead of the $7,500 allotted earlier. In addition, they became eligible for an IRA, which meant an effective maximum savings of $17,000.

For 1984 changes in the tax laws make Keogh plans comparable to corporate retirement plans. Self-employed individuals will be able to set aside each year retirement benefits equal to 25 percent of earnings up to a maximum of $30,000. Although the law will no longer distinguish between plans for the self-employed and corporate pension plans, many new restrictions apply to any plan which is a "top-heavy" plan, i.e., a plan under which a substantial portion of the benefits accrue on behalf of certain key employees of the employer. Most former Keogh plans will probably be treated as "top-heavy" plans subject to the new restrictions. Many mutual fund complexes will offer proto type "top-heavy" plans which comply with all the new provisions of law.

The IRA Market

Assets held for Individual Retirement Accounts continued to grow in 1984. IRA accounts funded with mutual funds increased more than 40


MILLIONS OF ACCOUNTS
Growth in Mutual Funds IRA Plans 1984
BILLIONS OF DOLLARS
0.5
1.9
4.1
5.7
2.6
5.7
10.8
16.5
1981 1982 1983 1984
ACCOUNTS
1981 1982 1983 1984
ASSETS

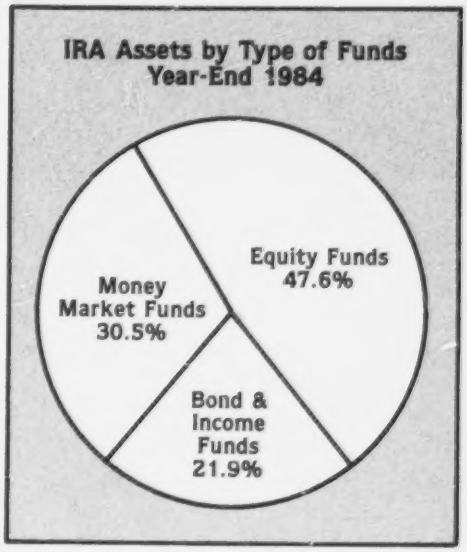

THOUSANDS OF ACCOUNTS
Growth in Mutual Funds Keogh Plans 1984
BILLIONS OF DOLLARS
300.1
416.0
556.3
581.1
3.6
5.1
6.0
6.4
1981 1982 1983 1984
ACCOUNTS
1981 1982 1983 1984
ASSETS

percent while IRA assets grew 53 percent. These assets in equity, bond and income funds grew from $7.3 billion to $11.5 billion during the year and over 1.2 million new IRA accounts were opened. Money market fund IRA assets grew by $1.5 billion while over 475 thousand new IRA accounts were opened.

At the beginning of 1982, when all persons with earned income became eligible for an IRA, mutual funds accounted for 9.9 percent of all IRA assests in the marketplace. Growth in mutual fund IRA assets since that time has occurred at a greater rate resulting in an increased share of the market. At the end of 1984 mutual funds accounted for 12.5 percent of all IRA assets.

Nearly half of all mutual fund IRA assets are invested in equity funds. Nearly one-third is invested in money market funds and the balance is invested in bond and income funds.

Investing attitudes and characteristics of IRA owners will be explored in the following chapter.



See box on page 48 for description of various retirement plans.

Retirement Plans

Federal income tax laws permit the establishment of a number of types of retirement plans which may be funded with mutual fund shares.

Individual Retirement Accounts

All wage-earners under the age of 70½ may set up an Individual Retirement Account (IRA). The individual may contribute 100 percent of his or her compensation each year up to $2,000. The amounts contributed each year are tax-deductible. These contributions go into a tax-sheltered program so that all dividends, interest and capital gains are allowed to compound tax-deferred year after year. An individual who qualifies for an IRA and has a spouse who isn't employed may contribute up to 100 percent of his or her income or $2,250, whichever is less.

Simplified Employee Pension Plans

Employers who have not established a qualified retirement plan may contribute up to $15,000 or 15 percent of compensation, whichever is less, to individual retirement accounts of their employees. The employer's contribution is tax deductible.

Section 403(b) Plans

Section 403(b) of the Internal Revenue Code permits employees of certain charitable organizations and public school systems to establish tax-sheltered retirement programs.

Section 401(k) Plans

One particularly popular type of plan which may be offered by either corporate or noncorporate entities is the 401(k) plan. A 401(k) plan is a tax-qualified profit-sharing plan which includes a "cash or deferred" arrangement. The cash or deferred arrangement permits an employee to have a portion of his compensation contributed to a tax-sheltered plan on his behalf or paid to him directly as additional taxable compensation. Thus an employee may elect to reduce his taxable compensation with contributions to a 401(k) plan where those amounts will accumulate tax-free.

Corporate Plans

Tax-qualified pension and profit-sharing plans may be established by corporations or self-employed individuals. Pursuant to recent changes in the tax laws retirement plans for employees of corporations and those for self-employed individuals are essentially comparable. Contributions to a plan are tax-deductible and earnings accumulate on a tax-sheltered basis.

The maximum annual amount which may be contributed to a defined contribution plan on behalf of an individual is limited to the lesser of 25 percent of the individual's compensation or $30,000.

Under the recent changes in the tax laws, certain plans will be designated as "top-heavy" plans. A top-heavy plan, i.e., a plan under which 60 percent or more of the accrued benefits are attributable to certain key employees is subject to special restrictions and requirements. For example, certain minimum benefits will have to be provided for non-key employees, a more rapid vesting schedule may be required, and penalties may be imposed on certain distributions to key employees. Many mutual fund groups offer prototype plans which have been amended to comply with these new requirements of the law.

IRAs: The People's Choice

Since the liberalization of Individual Retirement Accounts (IRAs) in January 1982, the public's response to this "do-it-yourself" retirement product has been tremendous. The Institute estimates that assets in the IRA market have risen from $26.1 billion in December 1981 to a record level of $132.1 billion at the end of 1984.

Mutual Fund IRAs Expand. During this period of rapid growth, the mutual fund industry has been able to increase its share of the IRA market. At year-end 1981, mutual fund IRA assets totaled only $2.6 billion and comprised 9.9 percent of the market. Over the next three years, these assets have grown to $16.5 billion and now account for 12.5 percent of the IRA market. Most of the share increase has come at the expense of the depository institutions who held over three-quarters of the market in 1981 and now hold less than 60 percent.

Survey of the IRA Market. In the fall of 1984, the Investment Company Institute sponsored a survey designed to review the structure of the IRA market and identify the characteristics and attitudes of IRA owners and non-owners. What follows are a few of the major findings. By November 1984, about 23 million households, or 28 percent of all households in the U.S., owned an IRA.

The primary reasons given for opening an IRA are saving on current taxes, supplementing retirement income and feeling that Social Security would be inadequate. Nearly two-thirds of all owners cited tax savings as an extremely important reason for opening their IRA. About three out of five indicated that supplementing retirement income and the inadequacy of Social Security were extremely important motivators.

Income levels have a distinct impact on IRA ownership. As expected, ownership occurs with greater frequency in the higher income brackets. There are fewer households in these higher brackets, however, so that the major-

Characteristics of Households Classified by IRA Ownership

	IRA Owners		IRA Non-Owners
	Through a Mutual Fund	Not through a Mutual Fund	
Median Income	$44,530	$35,650	$18,055
Median Age	46.5	50.4	43.8
Completed College or Graduate School (Percent)	58.1%	43.2%	23.8%

Households Classified by IRA Ownership

	IRA in Mutual Fund	IRA Not in Mutual Fund	No IRA
Age			
Under 30	11.8%	6.5%	20.8%
30–39	22.2	20.3	23.3
40–49	24.3	21.9	15.4
50–59	31.9	33.8	12.4
60–64	6.3	11.8	7.7
65 and Over	3.5	5.7	20.4
Education			
Some College or Less	41.9%	56.8%	76.2%
College Grad or More	58.1	43.2	23.8
Income			
Under $15,000	4.9%	7.5%	41.6%
$15,000–$29,900	19.2	29.5	36.3
$30,000–$39,900	15.6	20.9	12.2
$40,000–$49,900	22.6	16.2	5.4
$50,000 or More	37.7	25.9	4.5

ity of owners fall in the lower to moderate income levels. In fact, nearly two-thirds of all owners have incomes under $40,000 a year.

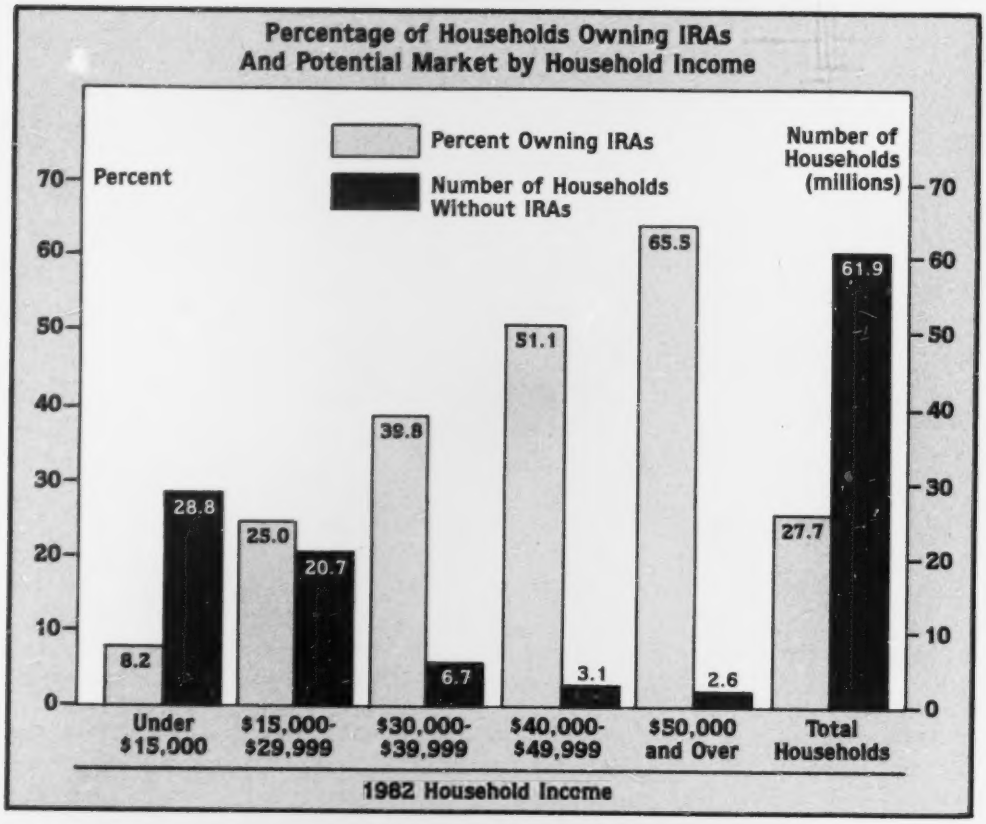
Reasons for opening IRAs also vary by income bracket. Households with incomes of over $30,000 felt that the tax savings was extremely important. Those households earnings less than $30,000 recognized the tax advantage but were more concerned with supplementing their retirement income and with the inadequacy of social security.

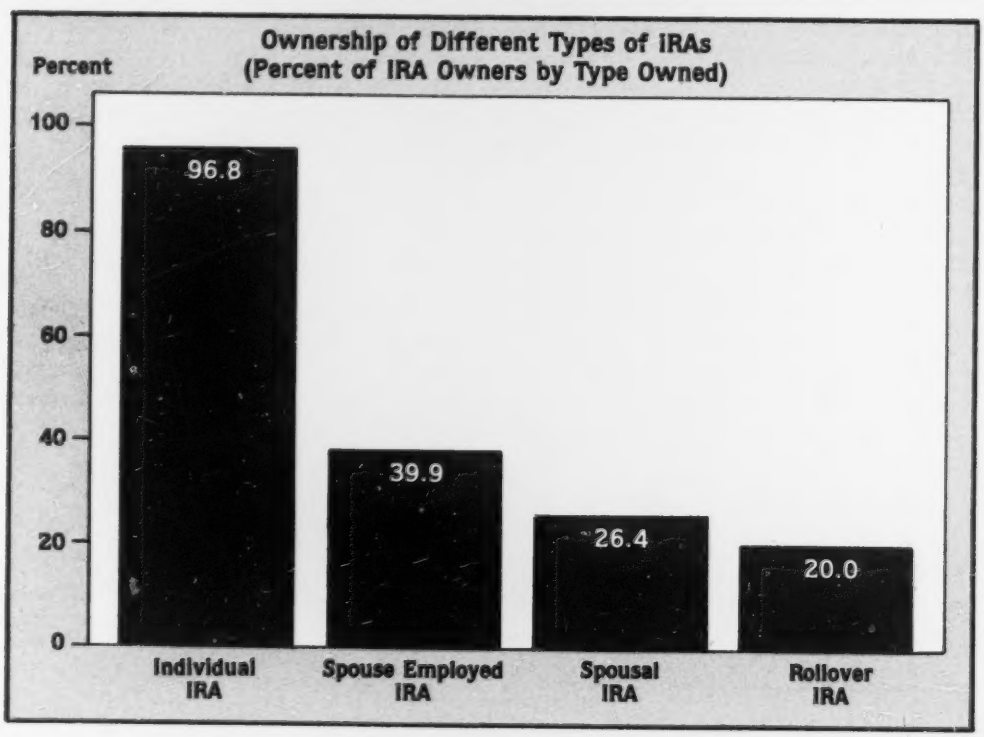
About 61 million households do not own IRAs. Of this group, about 45 percent have incomes below $15,000 a year and another third have incomes between $15,000 and $30,000. Not surprisingly, the primary reason given by this group for not opening an IRA is the lack of money. Over 40 percent indicated that their living expenses used up virtually all of their income. Another related reason cited was the reluctance to tie up their savings in an IRA. About one quarter of non-owners fall into the upper income brackets; their reasons for not opening an IRA include already having an adequate retirement plan or having other savings objectives such as children's education.

Age is also a significant factor in IRA ownership. Ownership is highest for those in their 50s. Nearly half of all households in this group own IRAs; over one-third of those in their 40s have one. Of those households in their 30s, 25 percent own an IRA while only 12 percent of households under 30 have one.

The varying age groups also reflect the different reasons for opening an IRA. Those in their 30s emphasized concern over the adequacy of social security and supplementation of retirement income while households in their 50s cited saving on current taxes as their primary reason for opening an IRA. This undoubtedly reflects the tax brackets of these age groups.

Of the IRA non-owners, 20 percent are over 65 years of age while another 8 percent are in their 60s. Obviously, these people would be more reluctant


Percentage of Households Owning IRAs
And Potential Market by Household Income
Percent
Percent Owning IRAs
Number of Households Without IRAs
Number of Households (millions)
70
60
50
40
30
20
10
0
8.2
28.8
25.0
20.7
39.8
6.7
51.1
3.1
65.5
2.6
27.7
61.9
Under $15,000
$15,000-$29,999
$30,000-$39,999
$40,000-$49,999
$50,000 and Over
Total Households
1982 Household Income


Ownership of Different Types of IRAs
(Percent of IRA Owners by Type Owned)
Percent
100
80
60
40
20
0
96.8
39.9
26.4
20.0
Individual IRA
Spouse Employed IRA
Spousal IRA
Rollover IRA

Estimated Value of IRA Plans Outstanding
December 1981 and December 1984
(Millions of Dollars)

Type of Institution	December 1981 Value	December 1981 Percent	December 1984 Value	December 1984 Percent
Commercial Banks	$ 5,849	22.5%	$ 37,128	28.0%
Mutual Savings Banks	3,405	13.1	8,504	6.4
Savings & Loan Assoc.	10,695	41.0	32,725	24.7
Life Insurance Co.	3,320	12.7	13,942	10.5
Credit Unions	207	0.8	7,800	5.9
Mutual Funds	2,586	9.9	16,537	12.5
Self-Directed	N/A	N/A	16,000	12.0
Total	$26,062	100.0%	$132,636	100.0%

to take advantage of an IRA since they are already so close to retirement or have already retired. Twenty percent of the non-owners are under 30; indicating, perhaps, that they are too young to worry about retirement. Non-owners frequently fall into the younger or older age brackets while owners of IRAs are more concentrated in the middle age brackets.

Households own a variety of different types of IRAs. As expected, over 95 percent of all owners have an individual IRA. Nearly 40 percent indicate their working spouse owns one while 26 percent own a spousal IRA. Only about 20 percent own a rollover account.

Mutual Fund IRAs. Over 60 percent of mutual fund IRA owners have incomes of $40,000 or more. In contrast, only 40 percent of those who invest in deposit accounts fall into this income bracket. Nearly 6 in 10 mutual fund IRA owners have finished college or attended graduate school. This ratio falls to just over 4 in 10 for owners of non-mutual fund IRAs. Age is also a factor in the choice of IRA funding vehicle. Mutual funds seem to have far more appeal to individuals under 50 years of age. They apparently regard their IRA as much more of a long-term investment than those nearing retirement.

IRA growth in mutual funds is an indication of the fund industry's success in reaching the public and satisfying its needs. In response to the public demand, the industry has increased both the number and type of funds offered. The wide range of choice, the quality of the products and the flexibility provided through exchanges are all significant factors increasing the public's demand for fund products.

Regulation and Taxation

Mutual fund organizations are the most strictly regulated business entities under the federal securities laws. Ray Garrett, Jr., former chairman of the United States Securities and Exchange Commission (SEC), stated that "No issuer of securities is subject to more detailed regulation than mutual funds."

The laws governing mutual funds require exhaustive disclosure to the SEC, state regulators and fund shareholders and entail continuous regulation of fund operations. Properly, however, these laws do not include supervision of managements's investment judgment.

Four major federal statutes regulate mutual funds.

The Securities Act of 1933 requires the filing of full information regarding the fund with the SEC. In addition, the 1933 Act requires that the fund provide potential investors with a current prospectus which makes detailed disclosures about the fund's management, its investment policies and objectives and its investment activities. The 1933 Act also limits the types of advertisements which may be used by a mutual fund.

The purchase and sale of mutual fund shares, as with all securities, are subject to the anti-fraud provisions of the Securities Exchange Act of 1934.

The Investment Advisers Act of 1940 regulates the activities of investment advisers to mutual funds.

Most importantly, the mutual fund must register with the SEC under the Investment Company Act of 1940, which is highly detailed regulatory statute. The 1940 Act contains numerous, provisions designed to prevent self-dealing and other conflicts of interest, maintain the integrity of fund assets and prevent the payment of excessive fees and charges by the fund and its shareholders.

In addition to these federal statutes, all but a few states regulate mutual funds.

Federal and state laws do not guarantee that mutual fund shares will go up in value, or that they will not go down. They are designed to protect those who, when they invest, assume the risk. They are intended, among other things, to ensure that the public is informed of that risk and that mutual funds are operated and managed in the interests of their shareholders.

Conduit Theory: An extra layer of taxation is avoided under the "conduit theory" which applies to most mutual funds under which fund shareholders are treated substantially as if they directly held the securities in the fund's portfolio.

Provided the fund qualifies under Subchapter M of the federal Internal Revenue Code of 1954, the fund pays no federal income tax on dividends, interest and capital gains distributed to shareholders.

In order to qualify, a mutual fund must, among other things, distribute to its shareholders at least 90 percent of its investment company taxable income each year. Thus a shareholder receives investment income dividends and capital gains distributions from a qualifying fund without any tax being levied on the fund. Instead, shareholders must report these payments on their own tax returns.

Glossary of Mutual Fund Terms

(For explanation of types of funds, see page 15; for retirement plans, see page 48.)

Adviser
The organization which is employed by a mutual fund to give professional advice on its investments and management of its assets.

Asked or Offering Price
The price at which a mutual fund's shares can be purchased. The asked or offering price means the current net asset value per share plus sales charge, if any.

Automatic Reinvestment
The option available to mutual fund shareholders whereby fund income dividends and capital gains distributions are automatically put back into the fund to buy new shares and thereby build up holdings.

Bid or Redemption Price
The price at which a mutual fund's shares are redeemed (bought back) by the fund. The bid or redemption price usually means the current net asset value per share.

Bookshares
A modern share-recording system which eliminates the need for mutual fund share certificates but gives the fund shareowner a record of his holdings.

Broker-Dealer (or Dealer)
A firm which retails mutual fund shares and other securities to the public.

Capital Gains Distributions
Payments to mutual fund shareholders of gains realized on the sale of the fund's portfolio securities. These amounts usually are paid once a year.

Capital Growth
An increase in market value of a mutual fund's securities which is reflected in the net asset value of fund shares. This is a specific long-term objective of many mutual funds.

Closed-end Investment Company
Unlike mutual funds (known as "open-end funds"), closed-end companies issue only a limited number of shares and do not redeem them (buy them back). Instead, closed-end shares are traded in the securities markets, with supply and demand determining the price.

Contractual Plan
A program for the accumulation of mutual fund shares in which the investor agrees to invest a fixed amount on a regular basis for a specified number of years. A substantial portion of the sales charge applicable to the total investment is usually deducted from early payments.

Conversion Privilege
See Exchange Privilege.

Custodian
The organization (usually a bank) which holds in custody and safekeeping the securities and other assets of a mutual fund.

Diversification
The mutual fund policy of spreading its investments among a number of different securities to reduce the risks inherent in investing.

Dollar-Cost Averaging
Investing equal amounts of money at regular intervals regardless of

whether the stock market is moving upward or downward. This reduces average share costs to the investor who acquired more shares in periods of lower securities prices and fewer shares in periods of higher prices.

Exchange Privilege
Enables a mutual fund shareholder to transfer his investment from one fund to another within the same fund group if his needs or objectives change, generally with a small transaction charge.

Income Dividends
Payments to mutual fund shareholders of dividends, interest and short-term capital gains earned on the fund's portfolio securities after deduction of operating expenses.

Investment Adviser
See Adviser.

Investment Company
A corporation, trust or partnership in which investors pool their money to obtain professional management and diversification of their investments. Mutual funds are the most popular type of investment company.

Investment Objective
The goal — e.g., long-term capital growth, current income, etc.—which an investor or a mutual fund pursues.

Liquid Asset Fund
See Money Market Fund (p. 15).

Management Fee
The amount paid by a mutual fund to the investment adviser for its services. The average fee industrywide is about one-half of one percent a year of the fund's assets.

Mutual Fund
An investment company which ordinarily stands ready to buy back (redeem) its shares at their current net asset value; the value of the shares depends on the market value of the fund's portfolio securities at the time. Also, most mutual funds continuously offer new shares to investors.

Net Asset Value Per Share
The market worth of a mutual fund's total assets — securities, cash and any acrued earnings — after deduction of liabilities, divided by the number of shares outstanding.

No-Load Fund
A mutual fund selling its shares at net asset value without the addition of sales charges.

Open-end Investment Company
The more formal name for a mutual fund, indicating that it stands ready to redeem its shares (buy them back) on demand.

Payroll Deduction Plan
An arrangement whereby an employee may accumulate shares in a mutual fund by authorizing his employer to deduct and transfer to the fund a specified amount from his salary at stated times.

Periodic Payment Plan
See Contractual Plan.

Prospectus
The official booklet which describes the mutual fund and offers its shares for sale. It contains information as required by the Securities and Exchange Commission on such subjects as the fund's investment objectives and policies, services, investment restrictions, officers and directors, how shares can be bought and redeemed, its charges and its financial statements.

Qualified Retirement Plan
A private retirement plan that meets the rules and regulations of the Internal Revenue Service. Contributions to a qualified retirement plan are in almost all cases tax deductible and earnings on such contributions are always tax sheltered until withdrawal.

Redemption Price

The amount per share the mutual fund shareholder receives when he cashes in his shares (also known as "bid price"). The value of the shares depends on the market value of the fund's portfolio securities at the time.

Reinvestment Privilege

A service provided by most mutual funds for the automatic reinvestment of a shareholder's income dividends and capital gains distributions in additional shares.

Sales Charge

An amount charged to purchase shares in many mutual funds. Typically the charge is 8.5 percent of the initial investment. The charge is added to the net asset value per share in the determination of the offering price. (Some funds, which do not have salesmen, have no sales charge.)

Split Funding

A program which combines the purchase of mutual fund shares with the purchase of life insurance contracts or other products.

Transfer Agent

The organization which is employed by a mutual fund to prepare and maintain records relating to the accounts of its shareholders.

Underwriter or Principal Underwriter

The organization which acts as the distributor of a mutual fund's shares to broker-dealers and the public.

Withdrawal Plans

Many mutual funds offer withdrawal programs whereby shareholders receive payments from their investments at regular intervals. These payments typically are drawn from the fund's dividends and capital gains distributions, if any, and from principal, to the extent necessary.

Variable Annuity

A contract under which an insurance annuity is purchased with a fixed number of dollars which are translated into a varying number of accumulation units. At retirement the annuitant is paid in a fixed number of annuity units monthly which are translated into a varying number of dollars. The value of both accumulation and annuity units varies in accordance with the performance of a portfolio invested in equity securities.

Variable Life Insurance

An equity-based life insurance policy in which the reserves may be invested in common stocks. The death benefit is guaranteed never to fall below the face value, but it could increase if the value of the securities increases. There may be no guaranteed cash surrender value under this kind of policy.

Voluntary Plan

A flexible accumulation plan in which there is no definite time period or total amount to be invested.

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SHAREHOLDER ACCOUNTS, TOTAL NET ASSETS, AND CASH POSITION EQUITY, BOND, AND INCOME FUNDS 1965–1984

Calendar Year End	Number of Reporting Funds	Number of Accounts (in Thousands)	Assets (in Billions of Dollars)	Cash Position (in Billions of Dollars)
1965	170	6,709.3	$35.2	$1.8
1966	182	7,701.7	34.8	3.0
1967	204	7,904.1	44.7	2.6
1968	240	9,080.2	52.7	3.2
1969	269	10,391.5	48.3	3.8
1970	361	10,690.3	47.6	3.1
1971	392	10,901.0	55.0	2.6
1972	410	10,635.3	59.8	2.6
1973	421	10,330.9	46.5	3.4
1974	416	9,970.4	34.1	3.4
1975	390	9,712.5	42.2	3.2
1976	404	8,879.4	47.6	2.4
1977	427	8,515.1	45.0	3.3
1978	444	8,190.6	45.0	4.5
1979	446	7,482.2	49.0	4.7
1980	458	7,325.5	58.4	5.3
1981	486	7,175.5	55.2	5.3
1982	539	8,190.3	76.8	6.0
1983	653	12,065.0R	113.6	8.3
1984	820	14,471.3	137.1	12.2

NOTE: Figures for shareholder accounts represent combined totals for member companies. Duplications have not been eliminated.

R—Revised

DISTRIBUTION OF MUTUAL FUND ASSETS
EQUITY, BOND, AND INCOME FUNDS
CALENDAR YEAR END, 1966–1984

(Millions of Dollars)

Year	Total Net Assets	Net Cash & Equivalent	Corporate Bonds	Preferred Stocks	Common Stocks	Municipal Bonds	Long Term US Gov't.	Other
1966	$34,829	$2,971	$2,915	$ 505	$28,438	NA	NA	NA
1967	44,701	2,566	2,959	755	38,421	NA	NA	NA
1968	52,677	3,187	3,408	1,675	44,407	NA	NA	NA
1969	48,291	3,846	3,586	1,190	39,669	NA	NA	NA
1970	47,618	3,124	4,286	1,143	38,540	NA	NA	$525
1971	55,045	2,601	4,910	1,206	45,891	NA	NA	437
1972	59,831	2,598	5,068	993	50,735	NA	NA	437
1973	46,519	3,426	4,196	623	37,698	NA	NA	576
1974	34,062	3,357	3,611	426	26,103	NA	NA	565
1975	42,179	3,209	4,766	506	33,158	NA	NA	540
1976	47,582	2,352	6,977	655	37,158	NA	NA	440
1977	45,049	3,274	6,475	418	30,746	$2,256	$1,295	585
1978	44,980	4,507	5,545	405	30,678	2,550	1,093	202
1979	48,980	4,995	5,582	443	34,334	2,651	798	177
1980	58,400	5,321	6,582	531	41,561	2,866	1,433	106
1981	55,207	5,277	7,489	399	36,649	3,046	2,147	200
1982	76,841	6,040	10,833	1,628	47,720	6,797	3,752	71
1983	113,599	8,343	13,052	1,474	72,942	13,368	3,894	526
1984	137,126	11,978	15,018	1,627	81,597	18,522	8,009	375
				(PERCENTAGES)				
1966	100.0%	8.5%	8.4%	1.4%	81.7%	NA	NA	NA
1967	100.0	5.7	6.6	1.7	86.0	NA	NA	NA
1968	100.0	6.0	6.5	3.2	84.3	NA	NA	NA
1969	100.0	8.0	7.4	2.5	82.1	NA	NA	NA
1970	100.0	6.6	9.0	2.4	80.9	NA	NA	1.1%
1971	100.0	4.7	8.9	2.2	83.4	NA	NA	0.8
1972	100.0	4.3	8.5	1.7	84.8	NA	NA	0.7
1973	100.0	7.4	9.0	1.3	81.0	NA	NA	1.3
1974	100.0	9.9	10.6	1.2	76.6	NA	NA	1.7
1975	100.0	7.6	11.3	1.2	78.6	NA	NA	1.3
1976	100.0	4.9	14.7	1.4	78.1	NA	NA	0.9
1977	100.0	7.3	14.4	0.9	68.2	5.0%	2.9%	1.3
1978	100.0	10.0	12.3	0.9	68.2	5.7	2.4	0.5
1979	100.0	10.2	11.4	0.9	70.1	5.4	1.6	0.4
1980	100.0	9.1	11.3	0.9	71.2	4.9	2.4	0.2
1981	100.0	9.5	13.6	0.7	66.4	5.5	3.9	0.4
1982	100.0	7.9	14.1	2.1	62.1	8.8	4.9	0.1
1983	100.0	7.3	11.5	1.3	64.2	11.8	3.4	0.5
1984	100.0	8.7	11.0	1.2	59.5	13.5	5.8	0.3

TOTAL NET ASSETS AND CASH POSITION BY FUND CHARACTERISTICS

Year-end (In Millions of Dollars)

	1981		1982		1983		1984	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
TOTAL NET ASSETS	**$55,207.3**	**100.0%**	**$76,840.6**	**100.0%**	**$113,598.6**	**100.0%**	**$137,126.2**	**100.0%**
Method of Distribution:								
Broker-Dealer	30,636.6	55.5	42,337.4	55.1	62,651.7	55.2	77,779.5	56.7
Direct Selling	8,600.4	15.5	11,256.1	14.6	14,444.9	12.7	15,565.9	11.4
No-Load	14,548.4	26.4	21,883.6	28.5	34,654.1	30.5	41,943.3	30.6
Other*	1,421.9	2.6	1,363.5	1.8	1,847.9	1.6	1,837.5	1.3
Investment Objective:								
Aggressive Growth	4,966.5	9.0	9,562.0	12.5	18,657.0	16.4	18,835.8	13.8
Growth	15,221.3	27.6	18,971.8	24.7	25,953.4	22.8	25,934.1	18.9
Growth-&-Income	18,226.8	33.0	22,029.8	28.7	29,256.1	25.8	32,660.2	23.8
Balanced	2,778.3	5.0	3,065.1	4.0	3,102.1	2.7	2,906.7	2.1
Income	4,487.3	8.1	5,865.7	7.6	8,813.1	7.8	19,367.7	14.1
Bond	5,913.3	10.7	9,094.7	11.8	11,297.8	9.9	13,002.2	9.5
Municipal Bond	3,062.5	5.6	7,455.6	9.7	14,607.2	12.9	21,025.0	15.3
Option Income	551.6	1.0	795.9	1.0	1,911.9	1.7	3,394.5	2.5
NET CASH AND EQUIVALENT	**$ 5,276.9**	**100.0%**	**$ 6,039.8**	**100.0%**	**$ 8,343.1**	**100.0%**	**$12,180.6**	**100.0%**
Method of Distribution:								
Broker-Dealer	2,782.5	52.7	3,433.9	56.9	4,538.1	54.4	6,848.9	56.2
Direct Selling	1,285.8	24.4	1,023.7	16.9	1,380.0	16.6	1,454.7	12.0
No-Load	1,158.0	21.9	1,510.3	25.0	2,338.1	28.0	3,763.8	30.9
Other*	50.6	1.0	71.9	1.2	86.8	1.0	113.2	0.9
Investment Objective:								
Aggressive Growth	644.1	12.2	814.6	13.5	1,179.1	14.1	1,877.5	15.4
Growth	1,776.1	33.6	1,646.1	27.2	2,747.8	32.9	2,769.0	22.7
Growth-&-Income	1,746.0	33.1	1,948.3	32.3	1,922.4	23.1	2,587.4	21.3
Balanced	164.5	3.1	186.3	3.1	127.7	1.5	126.1	1.0
Income	268.5	5.1	303.0	5.0	476.1	5.7	2,069.8	17.0
Bond	457.5	8.7	530.2	8.8	874.4	10.5	909.9	7.5
Municipal Bond	184.1	3.5	562.9	9.3	848.5	10.2	1,487.6	12.2
Option Income	36.1	0.7	48.4	0.8	167.1	2.0	353.3	2.9

*Exchange funds and others not currently offering shares; sales represent reinvested dividends.

TOTAL NET ASSETS OF MUTUAL FUNDS
BY INVESTMENT OBJECTIVE WITHIN METHOD OF DISTRIBUTION
1980–1984

(In Millions of Dollars)

	Aggressive Growth	Growth	Growth-&-Income	Balanced	Income	Bond	Municipal Bond	Option Income	Total
					Broker-Dealer				
1980	$2,370.2	$8,620.6	$13,162.9	$1,133.6	$2,323.7	$3,256.6	$ 626.1	$ 538.7	$32,032.4
1981	2,783.6	7,808.2	12,399.7	956.6	2,203.7	3,287.9	673.9	523.0	30,636.6
1982	5,419.2	10,083.8	15,000.3	1,104.8	2,932.0	5,128.7	1,897.6	771.0	42,337.4
1983	10,949.2	15,005.5	17,241.6	1,165.3	4,871.5	5,850.7	5,738.9	1,829.0	62,651.7
1984	11,259.1	14,541.5	18,350.4	1,025.9	13,971.0	6,468.2	8,851.4	3,312.0	77,779.5
					Direct Sellers				
1980	627.0	1,858.4	2,056.3	1,410.6	1,041.9	1,787.0	395.5	—	9,176.7
1981	672.4	1,777.0	1,649.0	1,107.3	907.6	1,916.8	570.3	—	8,600.4
1982	1,055.5	2,152.0	1,815.1	1,168.8	1,029.7	2,581.0	1,454.0	—	11,256.1
1983	1,635.2	2,710.3	2,210.6	1,162.1	954.3	3,488.6	2,283.8	—	14,444.9
1984	1,600.2	2,620.8	2,126.1	1,100.9	1,144.5	4,133.9	2,839.5	—	15,565.9
					No-Load				
1980	1,630.1	6,157.0	3,001.7	845.0	1,436.1	669.0	1,886.8	21.8	15,647.5
1981	1,403.3	5,480.0	3,019.8	714.4	1,375.8	708.5	1,818.3	28.3	14,548.4
1982	3,087.3	6,575.8	4,011.1	791.5	1,904.0	1,384.9	4,104.1	24.9	21,883.6
1983	6,072.6	7,810.8	8,382.9	774.7	2,987.2	1,958.5	6,584.5	82.9	34,654.1
1984	5,967.6	8,372.7	10,827.1	780.0	4,181.0	2,398.3	9,334.1	82.5	41,943.3

TYPE OF SHAREHOLDER ACCOUNTS
EQUITY, BONDS, AND INCOME FUNDS
1971–1984

(In Thousands)

Year End	Total Shareholder Accounts	Regular Accounts	Contractual Accumulation Plans	Contractual Single Payment Plans	Withdrawal Accounts
			NUMBER		
1971	10,901	8,996	1,455	169	281
1972	10,635	8,856	1,342	157	280
1973	10,331	8,699	1,214	166	252
1974	9,970	8,524	1,081	140	225
1975	9,667	8,302	1,029	126	210
1976	8,879	7,647	930	112	190
1977	8,515	7,395	844	101	175
1978	8,068	7,080	757	75	156
1979	7,482	6,602	677	64	139
1980	7,326	6,598	554	45	129
1981	7,175	6,486	537	30	122
1982	8,190	7,573	471	28	118
1983	12,065R	11,326R	585	20	134
1984	14,471	13,666	662	17	126
			PERCENT		
1971	100.0%	82.5%	13.3%	1.6%	2.6%
1972	100.0	83.3	12.6	1.5	2.6
1973	100.0	84.2	11.8	1.6	2.4
1974	100.0	85.5	10.8	1.4	2.3
1975	100.0	85.9	10.6	1.3	2.2
1976	100.0	86.1	10.5	1.3	2.1
1977	100.0	86.9	9.9	1.2	2.0
1978	100.0	87.8	9.4	0.9	1.9
1979	100.0	88.2	9.0	0.9	1.9
1980	100.0	90.1	7.6	0.6	1.7
1981	100.0	90.4	7.5	0.4	1.7
1982	100.0	92.5	5.8	0.3	1.4
1983	100.0	93.8	4.9	0.2	1.1
1984	100.0	94.4	4.6	0.1	0.9

R—Revised

MUTUAL FUNDS CAPITAL CHANGES, EQUITY, BOND, AND INCOME FUNDS 1965–1984

(In Millions of Dollars)

Calendar Year	Sales of Own Shares	Repurchases of Own Shares	Net Increase
1965	$4,358.1	$1,962.4	$2,395.7
1966	4,671.8	2,005.1	2,666.7
1967	4,669.6	2,744.2	1,925.4
1968	6,819.8	3,838.7	2,981.1
1969	6,718.3	3,661.6	3,056.7
1970	4,625.8	2,987.6	1,638.2
1971	5,147.2	4,750.2	397.0
1972	4,892.5	6,562.9	(1,670.4)
1973	4,359.3	5,651.1	(1,291.8)
1974	3,091.5	3,380.9	(289.4)
1975	3,307.2	3,686.3	(379.1)
1976	4,360.5	6,801.2	(2,440.7)
1977	6,399.6	6,026.0	373.6
1978	6,705.3	7,232.4	(527.1)
1979	6,826.1	8,005.0	(1,178.9)
1980	9,993.7	8,200.0	1,793.7
1981	9,710.4	7,470.4	2,240.0
1982	15,738.3	7,571.8	8,166.5
1983	40,325.1	14,677.6	25,647.5
1984	45,860.5	20,034.8	25,825.7

ANNUAL REPURCHASE (REDEMPTION) RATE, EQUITY, BOND, AND INCOME FUNDS
1952–1984

(In Millions of Dollars)

Year	Average Total Net Assets	Own Shares Repurchased	Redemption Rate as a Percent of Average Assets
1952	$ 3,531	$ 196	5.6%
1953	4,039	239	5.9
1954	5,128	400	7.8
1955	6,974	443	6.4
1956	8,442	438	5.2
1957	8,880	406	4.6
1958	10,983	511	4.7
1959	14,530	786	5.4
1960	16,422	842	5.1
1961	19,907	1,160	5.8
1962	22,030	1,123	5.1
1963	23,243	1,505	6.5
1964	27,165	1,874	6.9
1965	32,168	1,962	6.1
1966	35,025	2,005	5.7
1967	39,765	2,744	6.9
1968	48,689	3,839	7.9
1969	50,484	3,662	7.3
1970	47,954	2,988	6.2
1971	51,332	4,750	9.3
1972	57,438	6,563	11.4
1973	53,175	5,651	10.6
1974	40,290	3,381	8.4
1975	38,120	3,686	9.7
1976	44,880	6,801	15.2
1977	46,316	6,026	13.0
1978	45,014	7,232	16.4
1979	46,980	8,005	17.0
1980	53,690	8,200	15.3
1981	56,803	7,470	13.2
1982	66,024	7,572	11.5
1983	95,220	14,678	15.4
1984	125,362	20,030	16.0

NOTE: "Average" Value Assets are an average of values at the beginning of the year and at the end of the year.

MUTUAL FUNDS NET NEW MONEY FLOW RELATED TO NET NEW MONEY FLOW FROM INDIVIDUALS TO SAVINGS AND INVESTMENT VEHICLES

(Dollar Figures in Billions)

Year	Net New Money To Savings and Investment Vehicles[1]	Net New Money To Mutual Funds[2]	Mutual Funds Net New Money as a Percent of Total
1960	$ 32.5	$ 1.3	4.0%
1965	59.0	2.4	4.1
1970	78.8	1.6	2.0
1975	174.4R	0.5	0.3
1980	326.3R	31.4	9.6R
1981	350.0R	109.6	31.3R
1982	369.8R	37.6	10.2R
1983	450.1R	−18.2	—
1984	498.9	72.0	14.4

[1]From the "FRB Study of the Volume and Composition of Individuals' Savings" as reported in the Statistical Bulletins. Seasonally adjusted annual rates of individuals savings.

[2]Investment Company Institute reporting companies, including money market funds.

R—Revised

MUTUAL FUNDS' DISTRIBUTIONS TO SHAREHOLDERS, 1965–1984 EQUITY, BOND, AND INCOME FUNDS

(In Millions of Dollars)

Year	Distributions From Net Investment Income	Distributions From Net Realized Capital Gains
1965	$ 797.3	$ 939.8
1966	875.1	1,318.5
1967	962.0	1,689.6
1968	1,014.1	2,400.0
1969	1,181.7	2,536.5
1970	1,414.1	922.1
1971	1,330.7	775.5
1972	1,286.6	1,402.6
1973	1,300.2	943.3
1974	1,553.2	484.3
1975	1,449.1	219.2
1976	1,580.0	470.9
1977	1,789.7	634.8
1978	2,116.0	710.6
1979	2,451.4	929.9
1980	2,669.0	1,774.2
1981	3,143.0	2,697.2
1982	3,832.9	2,350.1
1983	4,981.0	4,391.6
1984	7,238.4	6,019.2

SALES AND REINVESTED DIVIDENDS BY FUND CHARACTERISTICS 1981–1982

(In Millions of Dollars)

	Total Sales	Total Reinvested Dividends	Sales less Reinvested Dividends
1981			
Total	**$9,710.4**	**$2,277.7**	**$7,432.7**
Method of Distribution			
Broker Dealer	5,031.5	1,127.2	3,924.3
Direct Sellers	1,379.5	554.5	825.0
No-Load	3,266.9	589.7	2,677.2
Other	12.5	6.3	6.2
Investment Objective			
Aggressive Growth	1,525.8	110.3	1,415.5
Growth	2,163.8	504.7	1,659.1
Growth-&-Income	2,060.6	559.8	1,500.8
Balanced	167.6	141.0	26.6
Income	659.3	257.2	402.1
Bond	1,453.2	464.8	988.4
Municipal Bond	1,547.2	204.4	1,342.8
Option Income	132.9	35.5	97.4
1982			
Total	**$15,738.3**	**$2,628.5**	**$13,109.8**
Method of Distribution			
Broker Dealer	8,347.3	1,354.4	6,992.9
Direct Sellers	1,997.8	532.0	1,465.8
No-Load	5,388.0	736.9	4,651.1
Other	5.2	5.2	0.0
Investment Objective			
Aggressive Growth	2,508.8	169.8	2,339.0
Growth	2,890.3	463.0	2,427.3
Growth-&-Income	2,640.7	685.3	1,955.4
Balanced	169.5	126.1	43.4
Income	1,049.0	291.7	757.3
Bond	2,639.2	542.5	2,096.7
Municipal Bond	3,486.6	314.4	3,172.2
Option Income	354.2	35.7	318.5

SALES AND REINVESTED DIVIDENDS BY FUND CHARACTERISTICS 1983–1984

(In Millions of Dollars)

	Total Sales	Total Reinvested Dividends	Sales less Reinvested Dividends
1983			
Total	**$40,325.1**	**$3,364.1**	**$36,961.0**
Method of Distribution			
Broker Dealer	22,037.1	1,613.2	20,423.9
Direct Sellers	3,353.3	620.3	2,733.0
No-Load	14,920.8	1,119.0	13,801.8
Other	13.9	11.6	2.3
Investment Objective			
Aggressive Growth	8,161.8	204.0	7,957.8
Growth	8,412.8	513.7	7,899.1
Growth-&-Income	5,574.1	722.0	4,852.1
Balanced	226.0	129.3	96.7
Income	3,847.4	346.9	3,500.5
Bond	3,770.3	749.0	3,021.3
Municipal Bond	9,127.5	661.8	8,465.7
Option Income	1,205.2	37.4	1,167.8
1984			
Total	**$45,856.8**	**$4,655.0**	**$41,201.8**
Method of Distribution			
Broker Dealer	26,717.8	2,440.3	24,277.5
Direct Sellers	3,134.4	768.3	2,366.1
No-Load	15,988.0	1,434.2	14,553 8
Other	16.6	12.2	4.4
Investment Objective			
Aggressive Growth	5,769.8	275.0	5,494.8
Growth	5,599.6	671.3	4,928.3
Growth-&-Income	6,838.9	881.2	5,957.7
Balanced	221.7	130.7	91.0
Income	12,088.7	677.3	11,411.4
Bond	3,636.0	913.8	2,722.2
Municipal Bond	9,832.9	1,017.1	8,815.8
Option Income	1,869.2	88.6	1,780.6

SALES AND REDEMPTIONS OF EQUITY, BOND, AND INCOME FUNDS BY FUND CHARACTERISTICS

(In Millions of Dollars)

	1982		1983		1984	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
SALES	**$15,738.3**	**100.0%**	**$40,325.1**	**100.0%**	**$45,856.8**	**100.0%**
Type of Sale:						
Regular Single Payment	12,860.3*	81.7	36,679.5	91.0	41,026.8	89.5
Voluntary Accumulation Plan	—	—	—	—	—	—
Contractual Accumulation Plan	239.0	1.5	259.3	0.6	160.1	0.3
Contractual Single Payment	10.6	0.1	22.1	0.1	14.9	0.0
Reinvested Investment Income	2,628.4	16.7	3,364.2	8.3	4,655.0	10.2
Method of Distribution:						
Broker-Dealer	8,347.3	53.1	22,037.1	54.7	26,717.8	58.3
Direct Sellers	1,997.8	12.7	3,353.3	8.3	3,134.4	6.8
No-Load	5,388.0	34.2	14,920.8	37.0	15,988.0	34.9
Other	5.2	0.0	13.9	0.0	16.6	0.0
Investment Objective:						
Aggressive Growth	2,508.8	15.9	8,161.8	20.2	5,769.8	12.6
Growth	2,890.3	18.4	8,412.8	20.9	5,599.6	12.2
Growth-&-Income	2,640.7	16.8	5,574.1	13.8	6,838.9	14.9
Balanced	169.5	1.1	226.0	0.6	221.7	0.5
Income	1,049.0	6.7	3,847.4	9.5	12,088.7	26.4
Bond	2,639.2	16.8	3,770.3	9.4	3,636.0	7.9
Municipal Bond	3,486.6	22.1	9,127.5	22.6	9,832.9	21.4
Option Income	354.2	2.2	1,205.2	3.0	1,869.2	4.1
REDEMPTIONS	**$7,571.8**	**100.0%**	**$14,677.6**	**100.0%**	**$20,030.0**	**100.0%**
Type of Redemption:						
Regular Account	7,245.5	95.7	14,200.9	96.8	19,851.3	99.1
Contractual Account	326.3	4.3	476.7	3.2	178.7	0.9
Method of Distribution:						
Broker-Dealer	4,089.7	54.0	7,379.9	50.3	10,830.1	54.1
Direct Sellers	1,047.1	13.8	1,399.8	9.5	1,450.5	7.2
No-Load	2311.2	30.6	5,801.7	39.5	7,647.2	38.2
Other	123.8	1.6	96.2	0.7	102.2	0.5
Investment Objective:						
Aggressive Growth	1,030.7	13.6	2,857.4	19.5	3,317.0	16.6
Growth	1,996.5	26.4	3,324.0	22.6	3,994.7	19.9
Growth-&-Income	1,848.8	24.4	2,752.1	18.8	3,253.2	16.2
Balanced	320.3	4.2	318.3	2.2	294.0	1.5
Income	655.1	8.7	1,283.3	8.7	3,076.7	15.4
Bond	927.2	12.2	1,644.0	11.2	1,649.1	8.2
Municipal Bond	696.5	9.2	2,346.2	16.0	4,153.9	20.7
Option Income	96.7	1.3	152.3	1.0	291.4	1.5

*Includes voluntary accumulation plan sales.

SALES OF MUTUAL FUNDS BY INVESTMENT OBJECTIVE WITHIN METHOD OF DISTRIBUTION
1980–1984
(In Millions of Dollars)

	Aggressive Growth	Growth	Growth-&-Income	Balanced	Income	Bond	Municipal Bond	Option Income	Total
					Broker-Dealer				
1980	$ 578.2	$ 960.5	$1,257.7	$ 51.0	$ 426.6	$1,022.1	$ 405.3	$ 130.5	$ 4,831.9
1981	823.7	1,042.7	1,510.0	62.4	346.9	849.0	291.2	125.0	5,050.9
1982	1,580.7	1,466.0	1,717.5	51.6	581.7	1,544.3	1,083.6	321.9	8,347.3
1983	4,743.3	5,162.9	2,696.8	78.9	2,102.1	2,003.9	4,165.3	1,083.9	22,037.1
1984	3,263.9	3,136.6	2,653.6	80.8	9,333.1	1,807.0	4,624.1	1,818.7	26,717.8
					Direct Sellers				
1980	73.3	172.5	109.8	63.3	116.5	399.9	135.4	—	1,070.7
1981	145.9	283.3	145.4	62.8	386.4	103.4	252.6	—	1,379.8
1982	166.6	362.7	131.3	65.0	111.5	563.7	597.0	—	1,997.8
1983	484.6	579.3	177.9	63.8	169.2	896.9	981.6	—	3,353.3
1984	378.1	438.7	194.8	67.6	430.7	883.0	741.5	—	3,134.4
					No-Load				
1980	983.6	915.0	392.4	41.8	272.6	258.2	1,216.2	7.3	4,087.1
1981	548.6	837.1	400.4	42.4	209.2	217.9	1,003.3	7.9	3,266.8
1982	761.7	1,060.9	787.6	52.6	355.9	531.7	1,805.6	32.0	5,388.0
1983	2,928.9	2,669.2	2,691.5	83.4	1,570.4	875.6	3,980.8	121.0	14,920.8
1984	2,126.3	2,018.2	3,981.9	73.5	2,324.8	945.6	4,467.4	50.3	15,988.0

Total Sales Figures Exclude:
(A) Reinvestment of capital gains distributions. (B) Sales due to conversions (exchanges) from one fund to another in the same group.
(C) Redeposits under single contractual plans. (D) Other miscellaneous sources of share issue-mergers and acquisitions, etc.

REDEMPTIONS OF MUTUAL FUNDS BY INVESTMENT OBJECTIVE WITHIN METHOD OF DISTRIBUTION
1980–1984
(In Millions of Dollars)

	Aggressive Growth	Growth	Growth-&-Income	Balanced	Income	Bond	Municipal Bond	Option Income	Total
					Broker-Dealer				
1980	$ 351.5	$1,064.6	$1,375.4	$111.2	$ 251.2	$515.2	$146.7	$ 79.9	$ 3,895.7
1981	380.6	935.6	1,174.9	114.9	346.2	526.4	146.9	96.2	3,721.7
1982	636.8	1,028.2	1,200.6	98.2	325.2	581.1	144.6	75.0	4,089.7
1983	1,658.6	1,541.7	1,593.7	97.2	509.5	959.8	881.9	137.5	7,379.9
1984	1,861.8	2,211.4	1,720.2	122.3	1,626.1	878.6	2,142.6	267.1	10,830.1
					Direct Sellers				
1980	75.5	264.4	333.1	216.7	153.9	173.4	33.6	—	1,250.6
1981	98.6	228.5	243.4	172.2	124.2	157.3	68.3	—	1,092.5
1982	104.7	213.9	197.5	139.3	123.2	186.6	81.9	—	1,047.1
1983	162.3	284.4	239.3	112.5	124.1	311.5	165.7	—	1,399.8
1984	158.3	264.2	205.2	103.2	131.8	367.9	219.9	—	1,450.5
					No-Load				
1980	667.9	750.5	267.2	125.7	213.2	148.6	804.0	2.8R	2,979.9
1981	643.5	703.0	250.5	102.5	181.4	103.8	570.1	7.8	2,562.6
1982	286.4	741.0	342.3	82.7	207.3	159.4	470.4	21.7	2,311.2
1983	1,037.8	1,481.3	838.3	108.4	649.9	372.8	1,298.2	15.0	5,801.7
1984	1,294.5	1,494.5	1,252.8	68.4	1,318.7	402.2	1,791.6	24.5	7,647.2

R—Revised

INVESTOR PURCHASES OF EQUITY, BOND, AND INCOME FUND SHARES BY STATES AND GEOGRAPHICAL REGIONS

BY METHOD OF DISTRIBUTION

YEAR, 1984

(In Thousands of Dollars)

	BROKER-DEALERS	DIRECT SELLERS	NO-LOAD	TOTAL
New England	**$ 2,425,287**	**$ 286,721**	**$ 2,121,001**	**$ 4,833,009**
Connecticut	606,481	134,149	591,392	1,332,022
Maine	80,856	14,235	45,140	140,231
Massachusetts	1,517,018	98,256	1,321,566	2,936,840
New Hampshire	88,304	12,256	74,903	175,463
Rhode Island	76,287	19,660	61,688	157,635
Vermont	56,341	8,165	26,312	90,818
Middle Atlantic	**$ 5,754,572**	**$ 456,490**	**$ 3,304,290**	**$ 9,515,352**
New Jersey	895,890	78,595	594,287	1,568,772
New York	3,707,957	156,601	2,225,151	6,089,709
Pennsylvania	1,150,725	221,294	484,852	1,856,871
East North Central	**$ 3,797,925**	**$ 638,922**	**$ 2,775,679**	**$ 7,212,526**
Illinois	1,161,228	171,084	1,092,477	2,424,789
Indiana	332,367	63,620	188,385	584,372
Michigan	868,332	154,318	420,230	1,442,880
Ohio	1,013,318	184,482	882,552	2,080,352
Wisconsin	422,680	65,418	192,035	680,133
West North Central	**$ 1,693,336**	**$ 620,740**	**$ 721,911**	**$ 3,035,987**
Iowa	247,260	84,456	56,835	388,551
Kansas	156,525	93,236	93,879	343,640
Minnesota	453,750	256,477	213,924	924,151
Missouri	495,718	90,911	279,773	866,402
Nebraska	238,886	46,934	48,321	334,141
North Dakota	41,661	15,897	12,652	70,210
South Dakota	59,536	32,829	16,527	108,892
South Atlantic	**$ 3,813,496**	**$ 293,900**	**$ 2,402,230**	**$ 6,509,626**
Delaware	164,808	2,991	61,239	229,038
District of Columbia	129,311	3,299	164,629	297,239
Florida	1,879,979	125,081	670,300	2,675,360
Georgia	351,751	36,097	206,563	594,411
Maryland	374,278	20,572	610,779	1,005,629
North Carolina	342,971	30,685	179,845	553,501
South Carolina	141,045	13,801	70,595	225,441
Virginia	364,652	46,998	380,233	791,883
West Virginia	64,701	14,376	58,047	137,124

INVESTOR PURCHASES OF EQUITY, BOND, AND INCOME FUND SHARES BY STATES AND GEOGRAPHICAL REGIONS

BY METHOD OF DISTRIBUTION

YEAR, 1984

(In Thousands of Dollars)

	BROKER-DEALERS	DIRECT SELLERS	NO-LOAD	TOTAL
East South Central	**$ 651,361**	**$ 95,069**	**$ 307,796**	**$ 1,054,226**
Alabama	137,058	26,743	59,222	223,023
Kentucky	170,715	16,437	113,070	300,222
Mississippi	124,467	17,466	30,991	172,924
Tennessee	219,121	34,423	104,513	358,057
West South Central	**$ 1,539,669**	**$ 165,719**	**$ 1,229,550**	**$ 2,934,938**
Arkansas	84,499	14,709	44,118	143,326
Louisiana	232,774	15,274	90,747	338,795
Oklahoma	133,204	26,842	65,203	225,249
Texas	1,089,192	108,894	1,029,482	2,227,568
Mountain	**$ 1,466,799**	**$ 187,981**	**$ 478,977**	**$ 2,135,757**
Arizona	409,635	41,330	159,359	610,324
Colorado	529,483	50,307	153,753	733,543
Idaho	70,813	23,832	22,028	116,673
Montana	99,968	26,515	15,729	142,212
Nevada	121,914	6,947	39,859	168,720
New Mexico	82,709	16,800	51,664	151,173
Utah	103,041	12,398	24,160	139,599
Wyoming	51,236	9,852	12,425	73,513
Pacific	**$ 4,054,127**	**$ 380,751**	**$ 2,489,040**	**$ 6,923,918**
Alaska	48,812	2,072	21,089	71,973
California	2,958,990	238,407	1,903,851	5,101,248
Hawaii	72,237	9,156	40,490	121,883
Oregon	319,414	50,996	204,522	574,932
Washington	654,674	80,120	319,088	1,053,882
U.S. Territories & Possessions	**$ 10,745**	**$ 842**	**$ 8,997**	**$ 20,584**
Canada	**$ 4,576**	**$ 1,014**	**$ 13,545**	**$ 19,135**
Other Countries	**$ 380,999**	**$ 6,376**	**$ 134,046**	**$ 521,421**
TOTALS	**$25,594,892**	**$3,134,525**	**$15,987,062**	**$44,716,479**

INVESTOR PURCHASES OF EQUITY, BOND, AND INCOME FUND SHARES BY STATES AND GEOGRAPHICAL REGIONS
BY METHOD OF DISTRIBUTION
YEAR, 1984
(Percentage of Total)

	BROKER-DEALERS	DIRECT SELLERS	NO-LOAD	TOTAL
New England	**9.48%**	**9.15%**	**13.27%**	**10.81%**
Connecticut	2.37	4.28	3.70	2.98
Maine	0.32	0.46	0.28	0.32
Massachusetts	5.93	3.13	8.27	6.57
New Hampshire	0.34	0.39	0.47	0.39
Rhode Island	0.30	0.63	0.39	0.35
Vermont	0.22	0.26	0.16	0.20
Middle Atlantic	**22.48%**	**14.56%**	**20.67%**	**21.28%**
New Jersey	3.50	2.51	3.72	3.51
New York	14.49	4.99	13.92	13.62
Pennsylvania	4.49	7.06	3.03	4.15
East North Central	**14.84%**	**20.38%**	**17.36%**	**16.13%**
Illinois	4.54	5.46	6.83	5.42
Indiana	1.30	2.03	1.18	1.31
Michigan	3.39	4.92	2.63	3.23
Ohio	3.96	5.88	5.52	4.65
Wisconsin	1.65	2.09	1.20	1.52
West North Central	**6.62%**	**19.80%**	**4.51%**	**6.79%**
Iowa	0.97	2.69	0.35	0.87
Kansas	0.61	2.97	0.59	0.77
Minnesota	1.77	8.18	1.34	2.06
Missouri	1.94	2.90	1.75	1.94
Nebraska	0.94	1.50	0.30	0.75
North Dakota	0.16	0.51	0.08	0.16
South Dakota	0.23	1.05	0.10	0.24
South Atlantic	**14.90%**	**9.38%**	**15.03%**	**14.56%**
Delaware	0.64	0.10	0.38	0.51
District of Columbia	0.51	0.10	1.03	0.66
Florida	7.35	3.99	4.19	5.98
Georgia	1.37	1.15	1.29	1.33
Maryland	1.46	0.66	3.82	2.25
North Carolina	1.34	0.98	1.13	1.24
South Carolina	0.55	0.44	0.44	0.51
Virginia	1.43	1.50	2.38	1.77
West Virginia	0.25	0.46	0.37	0.31

INVESTOR PURCHASES OF EQUITY, BOND, AND INCOME FUND SHARES BY STATES AND GEOGRAPHICAL REGIONS
BY METHOD OF DISTRIBUTION
YEAR, 1984
(Percentage of Total)

	BROKER-DEALERS	DIRECT SELLERS	NO-LOAD	TOTAL
East South Central	**2.54%**	**3.03%**	**1.92%**	**2.36%**
Alabama	0.53	0.85	0.37	0.50
Kentucky	0.67	0.52	0.71	0.67
Mississippi	0.49	0.56	0.19	0.39
Tennessee	0.85	1.10	0.65	0.80
West South Central	**6.02%**	**5.29%**	**7.69%**	**6.56%**
Arkansas	0.33	0.47	0.27	0.32
Louisiana	0.91	0.49	0.57	0.76
Oklahoma	0.52	0.86	0.41	0.50
Texas	4.26	3.47	6.44	4.98
Mountain	**5.73%**	**6.00%**	**3.00%**	**4.77%**
Arizona	1.60	1.32	1.00	1.36
Colorado	2.07	1.60	0.96	1.64
Idaho	0.28	0.76	0.14	0.26
Montana	0.39	0.85	0.10	0.32
Nevada	0.47	0.22	0.25	0.38
New Mexico	0.32	0.54	0.32	0.34
Utah	0.40	0.40	0.15	0.31
Wyoming	0.20	0.31	0.08	0.16
Pacific	**15.84%**	**12.15%**	**15.57%**	**15.48%**
Alaska	0.19	0.07	0.13	0.16
California	11.56	7.60	11.91	11.41
Hawaii	0.28	0.29	0.25	0.27
Oregon	1.25	1.63	1.28	1.28
Washington	2.56	2.56	2.00	2.36
U.S. Territories & Possessions	**0.04%**	**0.03%**	**0.06%**	**0.05%**
Canada	**0.02%**	**0.03%**	**0.08%**	**0.04%**
Other Countries	**1.49%**	**0.20%**	**0.84%**	**1.17%**
TOTAL*	**100.00%**	**100.00%**	**100.00%**	**100.00%**

TOTAL PURCHASES, TOTAL SALES AND NET PURCHASES OF PORTFOLIO SECURITIES BY MUTUAL FUNDS
Annually, 1963–1984
(In Millions of Dollars)

Year	Total Purchases	Total Sales	Net Purchases
1963	$ 4,362.5	$ 3,602.7	$ 759.9
1964	5,339.7	4,257.2	1,082.5
1965	7,571.0	6,001.8	1,569.2
1966	11,519.5	10,166.8	1,352.8
1967	16,317.8	14,821.4	1,496.4
1968	22,012.5	20,104.5	1,908.0
1969	24,914.9	22,255.5	2,659.4
1970	20,405.0	18,588.5	1,816.5
1971	25,360.2	24,793.8	566.4
1972	24,467.6	25,823.6	(1,356.1)
1973	19,706.6	21,902.0	(2,196.4)
1974	12,299.7	12,213.5	86.2
1975	15,396.9	15,511.4	(114.5)
1976	15,348.2	16,881.2	(1,533.0)
1977	18,168.0	19,420.7	(1,252.7)
1978	20,945.6	23,069.7	(2,124.1)
1979	22,412.1	23,702.5	(1,290.4)
1980	32,987.2	32,080.6	906.6
1981	36,161.7	33,709.2	2,452.5
1982	55,682.0	47,920.7	7,761.3
1983	93,009.5	71,466.5	21,543.0
1984	119,272.4	98,929.6	20,342.8

NOTE: Parentheses indicate net sales.

TOTAL PURCHASES, TOTAL SALES AND NET PURCHASES OF COMMON STOCKS BY MUTUAL FUNDS
Annually, 1963–1984
(In Millions of Dollars)

Year	Total Purchases	Total Sales	Net Purchases
1963	$ 4,010.1	$ 3,232.4	$ 777.7
1964	4,768.1	3,884.5	883.7
1965	6,530.1	5,166.2	1,363.9
1966	10,363.5	9,319.9	1,043.6
1967	14,926.0	13,325.5	1,600.5
1968	20,101.9	18,495.5	1,606.4
1969	22,059.4	19,852.5	2,206.9
1970	17,127.6	15,900.8	1,266.9
1971	21,557.7	21,175.1	382.5
1972	20,943.5	22,552.8	(1,609.4)
1973	15,560.7	17,504.4	(1,943.7)
1974	9,085.3	9,372.1	(286.8)
1975	10,948.7	11,902.3	(953.6)
1976	10,729.1	13,278.3	(2,549.2)
1977	8,704.7	12,211.3	(3,506.6)
1978	12,832.9	14,454.7	(1,621.8)
1979	13,089.0	15,923.0	(2,834.0)
1980	19,893.8	21,799.9	(1,906.1)
1981	20,859.7R	21,278.3	(418.6)
1982	27,397.2	24,939.6	2,457.6
1983	54,581.7	40,813.9	13,767.8
1984	56,587.9	50,895.0	5,692.9

NOTE: Parentheses indicate net sales.
R—Revised

TOTAL PURCHASES, TOTAL SALES AND NET PURCHASES OF SECURITIES OTHER THAN COMMON STOCKS BY MUTUAL FUNDS
Annually, 1963–1984
(In Millions of Dollars)

Year	Total Purchases	Total Sales	Net Purchases
1963	$ 352.4	$ 370.3	$ (17.9)
1964	571.6	372.8	198.8
1965	1,040.9	835.7	205.3
1966	1,156.1	846.9	309.2
1967	1,391.8	1,495.9	(104.1)
1968	1,910.6	1,609.0	301.6
1969	2,855.5	2,403.0	452.5
1970	3,277.4	2,687.7	589.7
1971	3,802.5	3,618.6	183.9
1972	3,524.1	3,270.9	253.3
1973	4,145.9	4,398.7	(252.8)
1974	3,214.4	2,841.4	373.0
1975	4,448.2	3,609.1	839.1
1976	4,619.1	3,602.9	1,016.2
1977	9,463.3	7,209.4	2,253.9
1978	8,112.7	8,615.0	(502.3)
1979	9,323.1	7,779.5	1,543.6
1980	13,093.4	10,280.7	2,812.7
1981	15,302.0	12,430.9	2,871.1
1982	28,284.8	22,981.1	5,303.7
1983	38,427.7	30,652.6	7,775.1
1984	62,684.5	48,034.6	14,649.9

NOTE: Parentheses indicate net sales.

PORTFOLIO PURCHASES AND SALES BY FUND CHARACTERISTICS

(In Millions of Dollars)

	1981		1982		1983		1984	
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
ALL SECURITIES	**$36,161.7**	**$33,709.2**	**$55,682.0**	**$47,920.7**	**$93,009.5**	**$71,466.5**	**$119,272.4**	**$98,929.6**
Method of Distribution:								
Broker-Dealer	19,167.9	18,184.9	27,443.7	23,843.3	48,378.7	35,684.8	68,489.0	55,085.8
Direct Selling	5,217.6	5,116.9	10,688.3	9,506.0	12,350.4	11,008.6	15,979.1	14,657.5
No-Load	11,367.5	10,127.9	14,470.0	14,483.8	32,152.9	24,638.8	34,566.6	28,901.2
Other*	408.7	279.5	80.0	87.6	127.5	134.3	237.7	285.1
Investment Objective:								
Aggressive Objective	4,818.9	3,966.1	8,073.7	6,688.9	16,851.5	11,052.4	15,029.0	13,707.9
Growth	8,791.3	8,770.5	11,193.0	10,252.6	19,303.3	15,160.2	21,808.7	20,517.6
Growth-&-Income	7,370.5	7,301.0	10,768.7	10,498.3	16,659.3	14,313.6	18,045.8	15,694.9
Balanced	1,759.9	1,997.2	2,638.4	2,708.7	2,440.4	2,502.6	2,521.9	2,694.7
Income	3,357.1	3,319.7	4,600.1	4,262.1	8,011.4	6,324.7	20,516.3	13,130.8
Bond	5,790.1	4,898.9	10,908.8	8,868.2	13,421.0	12,039.3	16,722.2	14,986.7
Municipal Bond	3,779.5	2,992.2	6,597.6	4,100.7	13,332.7	8,178.7	20,593.9	15,787.8
Option Income	494.4	463.6	901.7	541.2	2,989.9	1,895.0	4,034.6	2,409.2
COMMON STOCK ONLY	**$20,859.7**	**$21,278.3**	**$27,397.3**	**$24,939.6**	**$54,581.7**	**$40,813.9**	**$56,587.9**	**$50,895.0**
Method of Distribution:								
Broker Dealer	10,961.2	11,206.6	14,301.1	12,685.8	29,420.1	20,784.3	33,061.0	29,176.7
Direct Selling	2,935.4	3,592.2	4,395.0	4,619.2	6,925.1	6,262.2	6,763.5	6,431.0
No-Load	6,586.6	6,232.6	8,633.3	7,547.3	18,129.2	13,640.7	16,590.9	15,024.7
Other*	376.5	246.9	67.9	87.3	107.3	126.7	172.5	262.6
Investment Objective:								
Aggressive Growth	4,216.1	3,513.6	6,281.1	4,956.2	15,432.4	9,499.0	14,029.7	12,795.5
Growth	8,231.8	8,384.4	9,876.8	8,953.5	18,456.4	14,372.9	20,023.2	18,454.6
Growth-&-Income	6,227.9	6,468.6	8,171.3	8,253.8	14,772.6	12,316.3	15,462.0	13,487.9
Balanced	731.4	1,105.5	758.9	947.3	1,397.2	1,137.8	1,116.7	1,492.7
Income	860.2	1,210.7	1,267.4	1,186.9	1,417.3	1,509.2	1,864.5	1,835.7
Bond	107.0	146.6	150.7	108.6	116.9	105.2	149.5	159.7
Municipal Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	396.5
Option Income	485.3	448.8	891.1	533.3	2,988.9	1,873.5	3,942.3	2,272.4

*Exchange funds and others not currently offering shares.

SALES DUE TO EXCHANGES BY INVESTMENT OBJECTIVE

Annually, 1982–1984

(In Millions of Dollars)

Investment Objective	1982	1983	1984
Aggressive Growth	$ 1,775.1	$ 3,954.3	$ 4,021.8
Growth	1,552.6	2,968.8	2,865.0
Growth-&-Income	4,934.5	5,157.5	5,078.1
Balanced	7.3	15.7	11.3
Income	347.3	439.7	770.2
Bond	875.9	1,113.4	1,091.3
Municipal Bond	1,582.4	2,714.2	3,234.9
Option Income	19.1	32.4	102.7
Limited Maturity Municipal Bond	1,044.0	1,466.9	2,052.5
Money Market	16,110.2	17,820.2	17,432.7

REDEMPTIONS DUE TO EXCHANGES BY INVESTMENT OBJECTIVE

Annually, 1982–1984

(In Millions of Dollars)

Investment Objective	1982	1983	1984
Aggressive Growth	$ 1,604.2	$ 3,622.1	$ 4,351.1
Growth	1,621.3	2,964.9	3,077.7
Growth-&-Income	5,312.0	5,824.9	6,134.3
Balanced	67.7	69.6	53.4
Income	339.5	516.8	705.9
Bond	663.5	1,467.1	1,318.0
Municipal Bond	1,067.1	2,674.5	3,456.6
Option Income	13.0	22.1	55.5
Limited Maturity Municipal Bond	554.6	1,289.0	1,834.8
Money Market	16,612.6	17,575.2	16,118.7

NET SALES DUE TO EXCHANGES BY INVESTMENT OBJECTIVE

Annually, 1982–1984

(In Millions of Dollars)

Investment Objective	1982	1983	1984
Aggressive Growth	$ 170.9	$ 332.2	$ (329.3)
Growth	(68.7)	3.9	(212.7)
Growth-&-Income	(377.5)	(667.4)	(1,056.2)
Balanced	(60.4)	(53.9)	(42.1)
Income	7.8	(77.1)	64.3
Bond	212.4	(353.7)	(226.7)
Municipal Bond	515.3	39.7	(221.7)
Option Income	6.1	10.3	47.2
Limited Maturity Municipal Bond	489.4	177.9	217.7
Money Market	(502.4)	245.0	1,314.0

SHORT-TERM MUNICIPAL BOND FUNDS
1980–1984
(In Millions of Dollars)

Year End	Total Sales	Total Redemptions	Net Sales	Number of Funds	Total Accounts Outstanding	Total Net Assets
1980	$ 5,254.9	$ 3,809.2	$ 1,445.7	10	16,531	$ 1,913.6
1981	10,533.1	8,270.6	2,262.5	20	41,371	4,247.8
1982	29,444.0	21,197.3	8,246.7	37	156,796	13,230.0
1983	44,468.3	42,421.4	2,046.9	66	263,049	16,837.0
1984	62,267.4	55,941.5	6,325.9	97	288,517	23,821.9

MONEY MARKET FUNDS*
1974–1984
(In Millions of Dollars)

Year End	Sales	Redemptions	Net Sales	Total Number Of Funds	Accounts Outstanding	Average Maturity (Days)	Total Net Assets
1974	$ 2,232.0	$ 556.0	$ 1,676.0	15	n.a.	n.a.	$ 1,715.1
1975	6,748.7	5,883.9	864.0	36	208,777	93	3,695.7
1976	9,360.9	9,609.2	(248.3)	48	180,676	110	3,685.8
1977	10,673.0	10,662.7	10.3	50	177,522	76	3,887.7
1978	30,452.2	24,294.5	6,157.8	61	467,803	42	10,858.0
1979	111,855.1	78,363.4	33,491.7	76	2,307,852	34	45,214.2
1980	232,172.8	204,068.5	28,104.5	96	4,745,572	24	74,447.7
1981	451,889.5	346,701.5	105,188.0	159	10,282,095	34	181,910.4
1982	581,758.9	559,581.1	22,177.8	281	13,101,347	37	206,607.5
1983	462,978.7	508,729.9	(45,751.2)	307	12,276,639	37	162,549.5
1984	571,959.3	531,050.9	40,908.4	329	13,556,180	43	209,731.9

*A small percentage of funds report assets and liquid assets but not sales and redemptions. In the interest of comparability, these latter two sets of figures have been adjusted upward.

MONEY MARKET FUND ASSETS

(In Thousands of Dollars)

	Total	General Purpose	Broker/ Dealer	Institutional
1979				
January	$ 13,355,818	$ 4,420,914	$ 5,041,290	$ 3,893,614
February	15,606,818	5,062,178	6,140,038	4,404,602
March	18,020,831	5,594,691	7,218,458	5,207,682
April	20,296,184	6,228,085	8,259,530	5,808,569
May	23,245,530	7,039,847	9,718,149	6,487,534
June	25,914,987	7,492,280	11,257,315	7,165,392
July	30,010,980	8,394,955	13,522,395	8,093,630
August	32,467,294	9,157,937	15,178,647	8,130,710
September	34,899,902	9,943,508	16,810,027	8,146,367
October	38,817,889	11,178,834	19,221,444	8,417,611
November	41,982,874	11,788,838	21,233,470	8,960,566
December	45,214,166	12,651,473	22,894,112	9,668,581
1980				
January	$ 53,053,721	$ 14,165,119	$ 27,961,559	$ 10,927,043
February	60,303,669	16,107,424	32,323,309	11,872,936
March	60,535,658	16,892,721	32,192,209	11,450,728
April	60,726,649	17,219,057	31,540,546	11,967,046
May	70,013,646	19,586,491	35,178,910	15,248,245
June	76,168,424	21,036,493	37,187,010	17,944,921
July	80,624,317	22,071,688	38,966,370	19,586,259
August	79,309,035	21,732,989	39,769,532	17,806,514
September	77,431,775	21,493,791	39,728,775	16,209,209
October	77,467,785	21,782,900	40,654,957	15,029,928
November	76,458,979	21,605,381	40,530,501	14,323,097
December	74,447,699	21,717,614	38,987,976	13,742,109
1981				
January	$ 84,974,126	$24,313,853	$ 44,891,267	$15,769,006
February	96,699,487	27,434,889	50,966,137	18,298,461
March	111,544,415	30,927,719	59,279,296	21,337,400
April	118,392,046	33,892,442	63,597,405	20,902,199
May	117,913,527	35,260,726	63,325,273	19,327,528
June	126,507,991	37,980,311	67,744,358	20,783,322
July	139,389,131	42,592,977	74,234,489	22,561,665
August	149,429,287	46,410,808	78,826,824	24,191,655
September	160,839,979	49,650,309	83,400,928	27,788,742
October	169,576,477	52,036,516	87,485,670	30,054,291
November	181,636,314	54,240,432	93,690,962	33,704,920
December	181,910,360	55,782,229	93,697,125	32,431,006

MONEY MARKET FUND ASSETS

(In Thousands of Dollars)

	Total	General Purpose	Broker/ Dealer	Institutional
1982				
January	$187,202,446	$57,831,046	$ 97,646,161	$31,725,239
February	186,307,172	58,984,576	96,058,193	31,264,403
March	191,470,704	60,654,962	99,568,439	31,247,303
April	192,225,693	60,980,342	99,498,533	31,746,818
May	200,668,391	63,969,464	102,460,571	34,238,356
June	201,849,450R	66,209,434R	102,944,300	32,695,716
July	213,365,037	68,715,445	105,933,133	38,716,459
August	227,282,218	71,502,826	111,829,622	43,949,770
September	223,620,494	71,303,333	110,307,319	42,009,842
October	230,007,484	72,309,056	113,230,006	44,468,422
November	232,148,458R	73,503,258R	113,769,515R	44,875,685
December	206,607,524	67,130,705	100,019,373	39,457,446
1983				
January	$197,620,147	$62,573,072	$ 95,135,607	$39,911,468
February	189,419,364	59,514,944	91,290,500	38,613,920
March	180,310,630	57,231,859	87,414,036	35,664,735
April	171,501,807	53,982,147	82,631,115	34,888,545
May	169,650,900	53,194,588	81,727,890	34,728,422
June	164,630,550	52,308,708	79,373,424	32,948,418
July	164,406,920	52,532,383	78,929,583	32,944,954
August	164,663,713	53,161,938	78,364,219	33,137,556
September	163,005,997	51,903,516	77,520,264	33,582,217
October	165,528,857	52,704,642	77,809,728	35,014,487
November	165,500,917	52,783,150	77,391,834	35,325,933
December	162,549,514	53,023,186	75,265,142	34,261,186
1984				
January	$168,955,325	53,302,249	77,255,915	38,397,161
February	172,403,704	55,439,033	78,373,431	38,591,240
March	173,777,254	56,778,999	78,442,419	38,555,836
April	173,143,256	57,450,715	77,776,734	37,915,807
May	178,010,140	59,937,310	78,578,464	39,494,366
June	177,630,684	59,761,858	78,547,493	39,321,333
July	180,656,677	60,706,498	80,319,989	39,630,190
August	179,405,342	59,172,520	81,058,351	39,174,471
September	782,760,124	59,565,291	81,629,965	41,564,868
October	195,348,205	61,450,302	85,643,321	48,254,582
November	206,880,033	63,461,044	89,153,379	54,265,610
December	209,731,894	64,418,670	90,729,624	54,583,600

MONEY MARKET FUND
SHAREHOLDER ACCOUNTS BY TYPE OF FUND

	General Purpose	Broker/ Dealer	Institutional	Total
1982				
January	4,652,057	5,766,007	254,459	10,672,523
February	4,845,944	5,892,148	256,584	10,994,676
March	5,021,280	5,963,158	263,915	11,248,353
April	5,186,793	6,087,227	262,833	11,536,853
May	5,315,595	6,372,108	265,394	11,953,097
June	5,492,488	6,506,277	240,245	12,239,010
July	5,564,298	6,658,739	238,705	12,461,742
August	5,720,386	6,903,310	237,530	12,861,226
September	5,783,350	6,905,146	239,207	12,927,703
October	5,830,207	7,139,428	239,665	13,209,300
November	5,867,058	7,203,273	238,029	13,308,360
December	5,837,845	7,034,965	228,537	13,101,347
1983				
January	5,621,083	7,024,884	231,590	12,877,557
February	5,525,854	6,933,173	219,510	12,678,537
March	5,408,618	6,932,706	218,254	12,559,578
April	5,325,423	7,039,858	225,411	12,590,692
May	5,346,117	7,097,985	216,271	12,660,373
June	5,246,043	7,003,408	207,691	12,457,142
July	5,146,181	7,019,351	200,886	12,366,418
August	5,095,785	7,157,883	197,388	12,451,056
September	5,037,438	7,113,704	191,247	12,342,389
October	5,012,358	7,200,671	186,439	12,399,468
November	5,008,190	7,156,259	182,074	12,346,523
December	4,962,006	7,136,947	177,686	12,276,639
1984				
January	4,930,250	7,223,824	171,747	12,325,821
February	4,951,287	7,296,680	170,996	12,418,963
March	4,908,210	7,368,907	172,907	12,450,024
April	4,950,102	7,666,677	167,936	12,784,715
May	4,955,839	7,735,243	164,034	12,855,116
June	4,967,531	7,794,062	148,142	12,909,735
July	4,969,828	7,902,975	145,229	13,018,032
August	4,930,962	7,966,082	138,712	13,035,756
September	4,951,656	8,022,118	136,083	13,109,857
October	4,998,060	8,184,845	133,434	13,316,339
November	5,037,041	8,164,665	130,459	13,332,165
December	5,028,623	8,398,919	128,638	13,556,180

MONEY MARKET FUNDS ASSET COMPOSITION
Year-End, 1979–1984
(In Millions of Dollars)

	1979	1980	1981	1982	1983	1984
Total Net Assets	$45,214.2	$74,447.7	$181,910.4	$206,607.5	$162,549.5	$209,738.4
U.S. Treasury Bills	1,621.3	2,920.4	19,477.7	37,935.9	20,484.0	20,128.5
Other Treasury Securities	4,020.2A	554.2	2,041.8	4,706.0	2,354.6	5,397.8
Other U.S. Securities	.0	4,753.6	10,369.9	11,972.0	13,375.2	16,754.1
Repurchase Agreements	.0	5,642.8	14,529.0	16,222.1	13,028.5	22,669.3
Commercial Bank CDs(1)	18,128.4B	19,691.3	39,182.1	35,479.4	18,931.3	18,538.4
Other Domestic CDs(2)	.0	1,330.1	4,683.3	5,310.9	5,107.4	5,196.8
Eurodollar CD(3)	.0	6,769.3	18,846.0	23,758.8	21,911.1	21,213.5
Commercial Paper	14,453.3	25,026.1	56,775.6	50,327.1	46,752.6	77,416.5
Bankers' Acceptances	4,844.9	6,534.6	13,623.7	18,776.1	19,586.2	20,668.0
Cash Reserves	67.0	165.9	(549.0)	278.3	(274.5)	(1,245.3)
Other	2,079.1C	1,059.4	2,930.3	1,840.9	1,293.1	3,000.8
Average Maturity(4)	34	24	34	37	37	43
Number of Funds	76	96	159	281	307	329

(1) Commercial bank CDs are those issued by American banks located in the U.S.
(2) Other Domestic CDs include those issued by S&Ls and American branches of foreign banks.
(3) Eurodollar CDs are those issued by foreign branches of domestic banks and some issued by Canadian banks; this category includes some one day paper.
(4) Maturity of each individual security in the portfolio at end of month weighted by its value.
A. Includes other U.S. securities.
B. Includes other domestic CDs and Eurodollar deposits.
C. Includes repurchase agreements.

IRA ASSETS AND ACCOUNTS BY INVESTMENT OBJECTIVE YEAR-END 1984

Investment Objective	Assets Thousands of Dollars	Assets Percent	Accounts Number	Accounts Percent
Aggressive Growth	$ 2,688,340	16.3%	1,099,319	19.2%
Growth	2,791,738	16.9	1,010,485	17.7
Growth-&-Income	2,355,170	14.2	706,969	12.4
Balanced	34,466	0.2	11,104	0.2
Income	1,459,057	8.8	333,127	5.8
Corporate Bond	1,849,670	11.2	451,572	7.9
Long-Term Muni. Bond	3,735	0.0	752	0.0
Option/Income	310,193	1.9	88,834	1.5
Short-Term Muni. Bond	58	0.0	29	0.0
Money Market	5,044,675	30.5	2,020,157	35.3
Total	**$16,537,102**	**100.0%**	**5,722,348**	**100.0%**

KEOGH ASSETS AND ACCOUNTS BY INVESTMENT OBJECTIVE YEAR-END 1984

Investment Objective	Assets Thousands of Dollars	Assets Percent	Accounts Number	Accounts Percent
Aggressive Growth	$ 813,315	12.6%	66,382	11.4%
Growth	1,467,707	22.7	98,355	17.0
Growth-&-Income	1,341,503	20.7	69,732	12.0
Balanced	42,068	0.7	2,436	0.4
Income	411,332	6.3	26,796	4.6
Corporate Bond	565,581	8.7	37,759	6.5
Long-Term Muni. Bond	2,854	0.0	127	0.0
Option/Income	32,719	0.5	3,045	0.5
Short-Term Muni. Bond	2,141	0.0	21	0.0
Money Market	1,801,168	27.8	246,415	47.6
Total	**$6,480,388**	**100.0%**	**581,068**	**100.0%**

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF MUTUAL FUNDS EXCLUDING MONEY MARKET AND SHORT-TERM MUNICIPAL BOND FUNDS

Year	Reporting Companies' Assets (In Millions)	Percent Assets of Total Members' Assets	Reported Institutional Accounts In Force	Reported Value of Holdings (In Millions)	Reported Institutional Holdings as a Percent of Total Net Assets
1954	$ 2,710.9	65.9%	35,821	$ 283.4	10.5%
1956	5,909.8	70.3	61,494	549.8	9.3
1957	7,178.1	79.7	89,559	624.5	8.7
1958	7,478.1	63.4	111,394	793.1	10.6
1959	9,334.8	63.3	165,424	1,133.8	12.1
1960	9,891.6	63.3	219,661	1,171.0	11.8
1961	16,241.8	77.3	282,845	1,686.7	10.4
1962	14,342.1	75.1	299,046	1,539.3	10.7
1963	17,468.9	71.3	361,118	1,648.0	9.4
1964	23,233.6	79.9	427,893	2,603.3	11.2
1966	27,803.2	79.8	707,705	3,984.0	14.3
1968	39,435.1	74.9	878,900	5,859.4	14.9
1970	32,631.1	68.5	1,071,243	6,174.0	18.9
1972	44,696.4	74.7	1,119,243	8,906.9	19.9
1974	26,981.4	75.4	1,440,533	7,116.1	26.4
1976	39,342.2	77.3	1,346,490	10,719.7	27.2
1978	37,043.3	82.4	1,258,996	9,590.5	25.9
1980	45,763.2	78.4	1,023,101	12,855.9	28.1
1981	48,364.0	87.6	771,585	11,405.3	23.6
1982	66,569.2	86.7	953,483	16,232.7	24.4
1983	99,911.0	88.0	1,327,304R	23,314.8R	23.8R
1984	126,354.1	92.1	1,415,021	30,304.3	24.0

NOTE: Prior to 1981, Keogh and IRA figures are included in institutional holdings. Institutional holdings as a percent of assets of reporting companies is slightly understated prior to 1974 due to limited reporting of Keogh information. Reported institutional accounts and value of holdings for 1981 and 1982 were used to derive universe estimates shown in the following tables which present institutional data in greater detail. The 1981 figures were revised to exclude Keogh and IRA. In the 1980 figures, Keogh and IRA accounted for about 30 percent of institutional accounts and 23 percent of institutional assets.

R—Revised

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF EQUITY BOND AND INCOME FUNDS NUMBER OF ACCOUNTS, 1982–1984

	1982	1983	1984
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**728,682**	**942,687**	**955,032**
Business Corporations	40,858	64,328	72,590
Retirement Plans	158,230	315,920	429,725
Insurance Companies and Other Financial Institutions	16,876	13,194	13,451
Unions	1,326	934	1,718
Total Business Organizations	**217,290**	**394,376**	**517,484**
Churches and Religious Organizations	10,827	10,275	9,018
Fraternal, Welfare, and Other Public Associations	7,462	8,432	6,641
Hospitals, Sanitariums, Orphanages, Etc.	2,333	2,503	3,080
Schools and Colleges	4,148	4,822	4,291
Foundations	1,005	1,135	1,074
Total Institutions and Foundations	**25,775**	**27,167**	**24,104**
Other Institutional Investors Not Classified (a)	**47,604**	**59,092**	**88,112**
Total	**1,019,351**	**1,423,322**	**1,584,732**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

NOTE: Reporters of institutional data represented 83.9% of total shareholder accounts in 1982, 83.7% in 1983 and 92.1% in 1984. The figures shown above are universe estimated based on those reports.

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF EQUITY BOND AND INCOME FUNDS VALUE OF HOLDINGS, 1982–1984

(In Millions of Dollars)

	1982	1983	1984
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**$ 7,849.2**	**$10,374.7**	**$13,720.2**
Business Corporations	2,111.0	3,722.9	6,058.0
Retirement Plans	4,245.4	6,978.7	8,734.2
Insurance Companies and Other Financial Institutions	1,223.6	1,347.6	1,284.0
Unions	27.7	18.8	37.8
Total Business Organizations	**$ 7,607.7**	**$12,068.0**	**$16,114,0**
Churches and Religious Organizations	228.4	320.2	336.2
Fraternal, Welfare, and Other Public Associations	293.8	336.2	303.9
Hospitals, Sanitariums, Orphanages, Etc.	98.8	111.9	136.8
Schools and Colleges	201.9	247.6	244.2
Foundations	86.7	74.3	81.4
Total Institutions and Foundations	**$ 909.6**	**$ 1,090.2**	**$ 1,102.5**
Other Institutional Investors Not Classified (a)	**$ 1,426.1**	**$ 2,453.6**	**$ 2,676.9**
Total	**$18,245.5**	**$25,986.5**	**$33,613.6**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

NOTE: Reporters of institutional data represented 86.6% of total net assets in 1982, 88.0% in 1983, and 90.3% in 1984.

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF MONEY MARKET FUNDS NUMBER OF ACCOUNTS, 1982–1984

	1982	1983	1984
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**793,950**	**761,564**	**614,967**
Business Corporations	415,424	348,008	299,772
Retirement Plans	154,329	214,629	299,687
Insurance Companies and Other Financial Institutions	81,013	52,464	52,375
Unions	9,240	1,149	1,047
Total Business Organizations	**660,006**	**616,250**	**652,881**
Churches and Religious Organizations	23,373	21,069	19,435
Fraternal, Welfare, and Other Public Associations	18,570	16,629	15,300
Hospitals, Sanitariums, Orphanages, Etc.	7,082	6,461	5,925
Schools and Colleges	8,115	6,664	6,009
Foundations	1,578	1,824	1,579
Total Institutions and Foundations	**58,718**	**52,647**	**48,248**
Other Institutional Investors Not Classified (a)	**187,843**	**117,939**	**41,385**
Total	**1,700,517**	**1,548,400**	**1,357,481**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

NOTE: Reporters of institutional data represented 77.8% of total accounts in 1982, 73.9% of total accounts in 1983, and 80.9% of total accounts in 1984.

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF MONEY MARKET FUNDS VALUE OF HOLDINGS, 1982–1984

(In Millions of Dollars)

	1982	1983	1984
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**$42,880.8**	**$39,973.4**	**60,868.3**
Business Corporations	19,031.7	11,153.3	16,061.2
Retirement Plans	4,716.6	5,127.7	8,096.0
Insurance Companies and Other Financial Institutions	6,650.4	4,762.0	6,996.4
Unions	441.5	89.2	137.1
Total Business Organizations	**$30,840.2**	**$21,132.2**	**$31,290.7**
Churches and Religious Organizations	691.3	500.8	559.3
Fraternal, Welfare, and Other Public Associations	708.7	528.8	700.8
Hospitals, Sanitariums, Orphanages, Etc.	576.6	424.3	611.5
Schools and Colleges	504.7	417.1	444.4
Foundations	77.9	92.7	68.3
Total Institutions and Foundations	**$ 2,559.2**	**$ 1,963.7**	**$ 2,384.3**
Other Institutional Investors Not Classified (a)	**$ 7,504.0**	**$ 2,046.8**	**$ 1,127.6**
Total	**$83,784.2**	**$65,116.1**	**$95,670.9**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

NOTE: Reporters of institutional data represented 67.8% of net assets in 1982, 76.1% in 1983, and 78.3% in 1984.

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF MONEY MARKET FUNDS BY TYPE OF FUND NUMBER OF ACCOUNTS, 1983 and 1984

	General Purpose		Broker/Dealer		Institutional	
	1983	1984	1983	1984	1983	1984
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**359,376**	**317,715**	**220,722**	**181,642**	**168,061**	**115,610**
Business Corporations	142,538	133,608	203,689	159,742	1,781	6,422
Retirement Plans	124,563	121,799	89,917	175,078	149	2,810
Insurance Companies and Other Financial Institutions	16,700	13,996	31,044	35,627	4,720	2,752
Unions	340	304	807	723	2	20
Total Business Organizations	**284,141**	**269,707**	**325,457**	**371,170**	**6,652**	**12,004**
Churches and Religious Organizations	12,180	11,612	8,807	7,616	82	207
Fraternal, Welfare, and Other Public Associations	7,793	6,906	8,799	8,208	37	186
Hospitals, Sanitariums, Orphanages, Etc.	3,133	2,956	3,279	2,873	49	96
Schools and Colleges	2,957	2,715	3,687	3,220	20	74
Foundations	1,001	334	823	1,229	0	16
Total Institutions and Foundations	**27,064**	**24,523**	**25,395**	**23,146**	**188**	**579**
Other Institutional Investors Not Classified (a)	**69,553**	**16,822**	**47,305**	**24,118**	**1,081**	**445**
Total	**740,134**	**628,767**	**618,879**	**600,076**	**175,982**	**128,638**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF MONEY MARKET FUNDS BY TYPE OF FUND VALUE OF HOLDINGS, 1983 and 1984

	General Purpose		Broker/Dealer		Institutional	
	1983	1984	1983	1984	1983	1984
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**$ 6,510.6**	**$10,054.1**	**$ 3,374.9**	**$ 3,581.2**	**$29,996.9**	**$47,233.0**
Business Corporations	3,869.0	7,274.9	6,409.8	6,428.2	874.5	2,358.1
Retirement Plans	3,089.5	3,061.1	1,954.0	4,265.1	84.3	769.8
Insurance Companies and Other Financial Institutions	1,178.9	2,074.6	953.3	1,103.8	2,629.7	3,818.0
Unions	34.7	31.0	51.8	102.4	2.7	3.7
Total Business Organizations	**$ 8,172.1**	**$12,441.6**	**$ 9,368.9**	**$11,899.5**	**$ 3,591.2**	**$ 6,949.6**
Churches and Religious Organizations	275.0	299.3	212.4	214.9	13.4	45.1
Fraternal, Welfare, and Other Public Associations	201.4	209.7	311.1	372.3	16.3	118.8
Hospitals, Sanitariums, Orphanages, Etc.	199.9	298.3	201.0	271.2	23.4	42.0
Schools and Colleges	214.7	174.2	185.7	150.9	16.8	119.3
Foundations	57.6	19.6	35.0	48.4	0	0.3
Total Institutions and Foundations	**$ 948.6**	**$ 1,001.1**	**$ 945.2**	**$ 1,057.7**	**$ 69.9**	**$ 325.5**
Other Institutional Investors Not Classified (a)	**$ 918.5**	**$ 708.6**	**$ 589.2**	**$ 343.5**	**$ 539.1**	**$ 75.5**
Total	**$16,549.8**	**$24,205.4**	**$14,278.2**	**$16,881.9**	**$34,197.1**	**$54,583.6**

(a) Includes institutional assets which do not fall under other classifications and those for which no determination of classification can be made.

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF SHORT-TERM MUNICIPAL BOND FUNDS NUMBER OF ACCOUNTS, 1982–1984

	1982	1983	1984
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**14,148**	**19,804**	**18,166**
Business Corporations	2,644	3,487	3,926
Retirement Plans	51	226	1,080
Insurance Companies and Other Financial Institutions	3,802	3,715	4,213
Unions	13	11	8
Total Business Organizations	**6,510**	**7,439**	**9,227**
Churches and Religious Organizations	16	14	16
Fraternal, Welfare, and Other Public Associations	17	24	30
Hospitals, Sanitariums, Orphanages, Etc.	9	13	28
Schools and Colleges	9	44	67
Foundations	0	1	1
Total Institutions and Foundations	**51**	**96**	**142**
Other Institutional Investors Not Classified (a)	**1,196**	**3,754**	**615**
Total	**21,905**	**31,093**	**28,150**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

NOTE: Short-term municipal bond fund reporters represented 89.5% of total accounts in 1982, 81.3% in 1983, and 89.7% in 1984.

FIDUCIARY, BUSINESS AND INSTITUTIONAL INVESTORS OF SHORT-TERM MUNICIPAL BOND FUNDS VALUE OF HOLDINGS, 1982–1984

	1982	1983	1984
Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)	**$5,247.8**	**$5,573.3**	**$ 7,431.7**
Business Corporations	958.5	778.3	1,138.1
Retirement Plans	3.2	3.7	52.0
Insurance Companies and Other Financial Institutions	1,614.1	1,324.4	1,735.7
Unions	1.4	0.8	0.3
Total Business Organizations	**$2,577.2**	**$2,107.2R**	**$ 2,926.1**
Churches and Religious Organizations	1.5	1.0	0.1
Fraternal, Welfare, and Other Public Associations	10.5	4.5	0.9
Hospitals, Sanitariums, Orphanages, Etc.	1.1	0.3	1.0
Schools and Colleges	0.8	1.4	2.5
Foundations	0.0	0.1	0.1
Total Institutions and Foundations	**$ 13.9**	**$ 7.3**	**$ 4.6**
Other Institutional Investors Not Classified (a)	**$ 109.1**	**$ 298.7**	**$ 165.0**
Total	**$7,948.0**	**$7,986.5R**	**$10,527.4**

(a) Includes institutional accounts which do not fall under other classifications and those for which no determination of classification can be made.

NOTE: Short-term municipal bond fund reporters represented 67.8% of total net assets in 1982, 85.8% in 1983, and 89.7% in 1984.

ASSETS OF MAJOR INSTITUTES AND FINANCIAL INTERMEDIARIES

(In Millions of Dollars)

	1980	1981	1982	1983	1984
Savings Institutions					
Commercial Banks	$1,576,600	$1,808,700	$1,972,100	$2,093,800R	$2,275,800
Credit Unions (a)	N/A	60,611	69,585R	81,961R	91,619e
Mutual Savings Banks	171,564	175,728	174,197R	193,535R	204,455f
Savings & Loan Associations	630,712	664,167	707,646R	771,705R	902,449
Insurance					
Fire & Casualty	$ 211,420	$ 226,733	$ 248,362	$ 274,000E	$ 295,000E
Life	479,210	525,803	588,163	654,948R	705,827e
Investment Institutions					
Bank Administered Trusts (b)	$ 571,194	$ 585,788	$ 689,040	$ 762,800	N/A
Closed-End Investment Companies	$ 7,920	$ 7,068d	$ 7,498d	$ 8,218d	$ 5,939d
Mutual Funds (c)	134,761	241,365	296,600	292,985	370,680
Pension Funds					
Private (non-insured)	$ 286,800	$ 294,800	N/A	N/A	N/A
Government	283,600	317,700	N/A	N/A	N/A

a—Includes only federal or federally insured state credit unions serving natural persons.
b—Reflects only discretionary trusts and agencies.
c—Includes Short-Term Funds.
d—As of September 1984
e—As of October 1984
f—As of November 1984
N/A—Not available
R—Revised
E—Estimated

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Accounts
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